

OCT 01 1986

In the Matter of the Petition of NEOSHO TEACHER'S EDUCATION ASSOCIATION To Initiate Mediation-Arbitration Between Said Petitioner and NEOSHO JOINT SCHOOL DISTRICT NO. 3	WISCONSIN EMPLOYMENT RELATIONS COMMISSION Case No. 1 Number 35622 MED/ARB-3481 Decision No. 23212-A Mediator-Arbitrator Stanley H. Michelstetter II
--	--

Appearances:

John Weigelt, UniServ Director, appearing on behalf of the Association.

Shannon Bradbury, Staff Counsel, appearing on behalf of the Employer.

MEDIATION-ARBITRATION AWARD

Neosho Teacher's Education Association, herein referred to as the "Association," having petitioned the Wisconsin Employment Relations Commission to initiate Mediation-Arbitration pursuant to Section 111.70(4)(cm), Wis. Stats.<sup>1/</sup> between it and the Neosho Joint School District No. 3, herein referred to as the "Employer," and the Commission having appointed the Undersigned as Mediator-Arbitrator on March 3, 1986; and the Undersigned having conducted public hearing followed by Mediation on May 6, 1986; and the Undersigned having conducted hearing in Neosho, Wisconsin on May 20, 1986.<sup>2/</sup> The parties each having filed posthearing briefs and the Employer having filed a posthearing reply brief, the last of which was received July 23, 1986.

ISSUES

This dispute involves the parties' 1985-86 collective bargaining agreement. The parties' final offers are incorporated herein by reference as if fully set out. The following is a summary of the issues between the parties:

1. Salary; the 1984-85 salary schedule of the parties' is attached hereto and marked Appendix A. The final offer salary schedule of the Employer is attached hereto and marked Appendix B. The final offer salary schedule of the Association is attached hereto and marked Appendix C. The parties used the same salary schedule structure, except the Union renumbers the steps without effecting a substantive change. The Employer proposes a base of \$15,535, whereas the Association proposes a base of \$16,060. The Employer costs its offer at 6.08% salary increase and 6.64% total package whereas it cost the Association's offer at 9.61% salary and total package of 10%. The Association cost the Employer's offer as 6.2% salary increase or \$1,293.13 per returning teacher salary only. It costs its proposal as 9.7% salary increase or \$2,045.32 per returning teacher salary only.

2. The Association proposes to revise the existing maternity leave language of Article 10 which reads as follows:

"ARTICLE X: MATERNITY LEAVE

Maternity: Any member of the Association who becomes pregnant shall be required to discontinue her services on the date upon which her doctor certifies that she is no longer capable of working.

1. It shall be the duty and responsibility of the member to notify the administration of pregnancy. Notification of pregnancy shall be filed with a physician's statement as soon as possible following the third month of pregnancy.

2. The Board shall grant a leave of absence for maternity reasons with pay, to any bargaining unit member who is under contract in this system, upon written request for such leave

<sup>1/</sup> Section 111.70(4)(cm), has since been amended; however, those amendments are not effective for this dispute.

<sup>2/</sup> The parties waived notice of intent to arbitrate.

and upon proper certification of pregnancy by the employee's physician, from the time period when the physician certifies she is unable to continue working, until the time period when he certifies that she is able to return to work. Approved leave in addition to this time shall be unpaid.

3. A teacher shall be eligible to return to duty after the teacher is physically able to return to work provided:

a. The teacher has previously indicated her intent to return to duty following the medical disability.

b. She files medical evidence of fitness with the administration.

Nothing in this policy shall prevent the teacher from returning earlier if mutually agreeable.

4. Leave under this policy shall be approved and granted for the remaining portion of the school year in which the leave commences.

5. The principal shall notify the teacher on leave on or before March 15th of each year that said leave shall expire on the last day of the school term unless the teacher gives notice by April 15th of her intention to return to active teaching duties for the ensuing school year.

6. A teacher who begins leave after March 15th of school year shall have until June 1st to declare her intent to return to duties for the ensuing school year.

7. In the event of miscarriage prior to the start of maternity leave, the sick leave provisions of this collective bargaining agreement shall apply."

with the following revisions:

"ARTICLE X: CHILD CARE LEAVE

(Delete current language and add new language.)

A. The District shall grant a child care leave without pay to any teacher who has at least two (2) years of in-district experience, who requests such a leave for the purpose of providing parental care to his or her natural born or adopted child or children. Employees shall be granted one leave for each child; additional leaves shall be at the District's discretion.

B. A teacher may take a child care leave of up to twelve (12) months by notifying the District in writing at least four (4) weeks prior to commencing the leave of the beginning date and length of the leave. Exceptions to the four (4) week requirement will be made where an employee notifies the District Administrator in advance that (s)he is adopting a child or where the District waives the four (4) week notice requirement. The date of return from the leave shall be at the beginning of a subsequent semester unless otherwise agreed between the District and the employee.

C. Child care leave may be extended by mutual agreement between the teacher and the District.

Upon return from child care leave the teacher shall be reinstated to a position (s)he is certified to teach. The employee's continuing contract shall remain in effect, and the teacher shall continue to accrue all seniority."

3. The Association proposes to create a voluntary early retirement plan which reads as follows:

"C. Voluntary Early Retirement.

1. Eligibility: An applicant for early retirement benefits must be a regular teacher who has served in the school system for not less than twenty (20) years.

2. Description: Early retirement benefits in paragraph 5 below shall be available to teachers who are eligible to receive a Wisconsin Retirement Fund annuity, who meet the requirements of Section 42.245(2)(bm), Wisconsin Statutes and the administrative rules of the Wisconsin Retirement Fund.

3. Limitations: This early retirement policy shall not

apply to just discharged, terminated or non-renewed employes.

4. Application:\* Teachers who plan to take early retirement shall notify the District of their intention to do so at least one semester prior to their expected date of retirement. Unless otherwise agreed, teachers shall only be permitted to retire under this policy at the end of the semester.

Prior to taking any action on any teacher's letter of resignation, the District shall notify the employe and the Association in writing as to whether or not the employe is eligible for either of the benefits found in Paragraphs 5 and 6 and the estimated value of such benefits to the employe. The employe has the option of withdrawing his/her letter of retirement or resignation if (s)he is not satisfied with the benefits provided under this Article.

5. Compensation: Eligible teachers shall receive benefits which are statutorily available to them under the terms of Section 42.245 (2) (bm), Wisconsin Statutes and the administrative rules of the system.

The District shall provide each retiring employe with a letter of Agreement which specifies the amounts to be paid to the Wisconsin Retirement Fund on behalf of the retiring employe and which shall bind the District to make the payments as specified. A copy of said letter shall be forwarded to the Association.

6. Health Insurance: Any eligible staff member who retires pursuant to this provision shall have the District contribute the amount set forth in Article XIII for the single or family health insurance coverage. Said payments shall be for a duration of three (3) years. In the event that a teacher is eligible for Medicare, a Medicare "carve out" health insurance plan will be instituted in the same manner as it would apply to other members of the bargaining unit.

Retiring teachers who wish to maintain their other insurance coverages, or extend those coverages or the health insurance coverage after the District contribution ceases shall, where eligible and subject to the rules of the insurance carrier, make the necessary payments to the Board for the desired coverages on a perpaid basis on the 15th of the month prior to which the coverage would be in effect.

\*In the event that an arbitration award is not received by March 15, 1986, any eligible employe shall have thirty (30) calendar days after the receipt of the arbitration award to notify the District of his or her intent to retire and such notice will then meet all of the requirements of Paragraph 4 above."

#### POSITIONS OF THE PARTIES

The Association takes the position that the comparable districts should be Hartford Union High School, Hartford Joint Elementary No. 1, Herman, Plat (Richfield Joint No. 7), Richfield No. 2, Saylesville (Richfield Joint No. 6), Arrowhead Union High School, Bark River Elementary (Joint No. 6, Delafield), Hartland Elementary (Joint No. 3, Hartland), Merton Elementary (Joint No. 9, Merton), Nashotah Elementary (Joint No. 2, Delafield), North Lake (Joint No. 7, Merton), Richmond Elementary (Joint No. 2, Lisbon), Stone Bank Elementary (Joint No. 4, Merton), Swallow Elementary (Joint No. 8, Merton). It takes the position that these are all comparable school districts because they are all within 30 miles of Neosho, all are in the same economic circumstances. The Association has included all the school districts in the area except Erin and Friess Lake because they are not organized by any labor organization. Arbitrator Mueller in Plat (20292--A) used the same set of comparabil. It notes that the union high school should be included with the elementaries because the K-8 system is outdated. It sees no reason why teachers in the same economic area should receive less wages than the union high schools, merely because the school systems choose to remain organized as K districts. It

notes that the district does not deny the ability to pay the amount necessary to meet the Association's offer. It takes the position that comparability should be the determining factor in this dispute and that its offer is by far more comparable. In its view, the arbitrator should rely on comparisons to the average total package per returning teacher and salary per returning teacher and benchmark analysis rather than comparison of total packages. It views its salary proposal as providing \$2,045 average salary increase per teacher, whereas it costs the Employer's offer as providing \$1,293 average salary per returning teacher. It notes that for 1985-86 the following schools have settled; Hartford Elementary, Hartford Union High School, Herman, Plat, Richfield, and Saylesville. It notes that the average settlement in this group without Saylesville is \$2,008 per returning teacher and with Saylesville is \$1,992. Thus, with this group it concludes its offer is far more supported. It also notes that Hartland Elementary, Arrowhead High School, Bark River, Merton, Nashotah, North Lake, Richmond, Swallow and Stone Bank have settled and that the average of these settlements is \$2,062 per returning teacher, a figure which clearly supports the Association's position. It takes the position that the cost-of-living should be given weight in accordance with the pattern of settlements and that this position is supported by arbitral precedent. It also supports its view by benchmark analysis. It takes the position that total package comparisons do not take into account staff turnover, that they often are contradictory, that benchmark analysis avoids disputes of cost in total packages and finally that benchmark analysis is more predictable. Based on its comparison it notes that at the BA minimum Neosho has ranked never less than 14 at BA 7, never less than 12 at the BA maximum, never less than 12 and at the minimum, never less than 14 and at the MA 10, never less than 15 and at the MA maximum 16 in only one year and that the schedule maximum never less than 14. It notes that all of the benchmarks the Employer's offer would leave Neosho 15 (last), except the BA maximum which the ranking would be 13. It takes the position that there simply is no support for the Employer's offer. In its view, the Employer's position "flies in the face of the basic philosophy of maintaining ranking, providing equal pay for equal work, and really has very little to do with the realities of the society which is recently awakened to the unfortunate wage and working conditions of professional educators." It takes the position that salaries in Neosho have not kept pace over the years with size of increases in other districts. It also argues that Neosho teacher have a class size which is 4 pupils higher than the average among comparables and that the Neosho district spends an average of \$1,035 less per student than due comparable districts. It notes that the levy rates in Neosho is 5.6 compared to 8.53 for the average of the comparables (exclusive of the high schools which have a much larger tax base). The Association makes clear its outrage at the Employer's position.

The Association takes the position that its proposed change to child care leave would allow teachers with 2 years experience in the district to take an unpaid leave of absence. The current language allows a leave based only on the birth date of the child. It views this as contradictory and inconsistent. It notes under the current language the length of leave can vary greatly. It notes that this leave is needed to maximize the amount of time that the parent has with her child to insure a greater length of bonding and development in parental care techniques and general recuperation in child birth. It takes the position that its proposal is more comparable than the current language. Of the 15 districts in the area 10 have right to an unpaid child care leave in addition to a paid disability leave and 5 do not. It feels the need for change, in addition to the basic inequities, is shown by various ambiguities. One of the ambiguities is that there is an issue as to whether maternity leave followed by unpaid child rearing leave can occur without the employee using all of her sick leave. It believes that the practice is to require her to use her sick leave. Second, it views the letter of Steven L. Nass of April 24, 1985, as creating a recognizing additional ambiguity which the Association has clarified by its proposal.

The Association has also proposed an early retirement bene-

fit. In its view, this benefits both the Employer and the Employee. The Employee receives the benefit of early retirement and the Employer receives a cost savings by being able to hire a less expensive younger employee. In many cases, if the employee who retires has lost his or her enthusiasm for teaching, the employer may find that it is able to obtain a more enthusiastic employee. In Exhibit 143 it indicates that the additional cost, in the worst-case of an employee age 55 with 29 years of service, is a total of \$29,810 for the three year period. It compares this with a savings of hiring a new employee at beginning salary and concludes that the Employer in a three-year period would save \$1,990. In addition, the Employer will make further savings until the new employee reaches the same step as the former employee. It also notes that only one employee is eligible at this time and no other employee will be eligible for eight years. The Association expresses a great deal of frustration and dismay at the proposal of the Employer. It emphasizes throughout its brief that quality education requires quality staff. It emphasizes that appropriate compensation is vital to maintaining that staff.

The Employer costs its offer as an overall salary increase of 6.08% and a total package of 6.64%. It costs the Association's proposal at 9.61% salary increase and a total package of 10%. The Employer argues that the economic conditions of the district, the region and the nation support its position. In Dodge County tax delinquencies have increased 20.4% over the preceeding year and a 104% increase since 1981 (by comparison to Washington County at an increase of 4.2% in 1985 and Waukesha County of 1.1%). Thus it takes the position that Dodge County has a worse problem. It also notes that unemployment is higher in Dodge County than elsewhere. Thus, Dodge County has for 1985 8.2%, Washington County 6.6%, Waukesha County 5.9%, and state wide 7%. Further, it believes that its offer is strongly supported by recent changes in the consumer price index. It also emphasizes at great length that farming conditions have worsened substantially since 1985 and that farmers simply are making less, in some cases losing money on their production. This is a problem which is shared by all the communities that compose the Hartford Union High School feeder district. Many farms are substantially over leveraged. In this context, it argues that there is no longer sufficient reason to justify school district increases which impact on the levy and ultimately drive the farmer into decline. In its view, the primary comparison group should be other feeder schools to Hartford Union High School. These are Erin Joint No. 2, Hartford Joint No. 1 (Hartford Elementary), Herman Joint No. 22, Richfield No. 2 (Richfield School), Richfield Joint No. 7 (Plat School), Richfield Joint 11 (Freiss Lake-St. Augustine), Rubicon Joint No. 6 (Saylesville). It notes this comparability group was in essence adopted by Byron Yaffe in Herman Consolidated School District No. 22, (decision number 20977-A) (6/84) and by Arbitrator Ines in Herman Consolidated School District No. 22 (Decision No. 18037-A). The Employer believes that, Hartford Joint No. 1 (Hartford Elementary) is comparable, but should be given less weight because it is considerably larger than the rest. It does argue that the Employer does not agree with the use of the union high school or the Arrowhead Union High School and its feeder schools in the Hartland area. It believes the Hartland-Arrowhead schools are in Waukesha County which is a wealthier and economically better off area. It also notes that the Hartland-Arrowhead school group pays considerably more than Neosho. It supports this view with decision of Arbitrator Yaffe in Herman Joint No. 22. The Employer believes that the best method of comparison is looking at the total package. It notes that the average total package in its comparison group is 7.8%. Its offer is 1.2% below and the Associations is 2.2% above. It also compares the total increase to budget. It takes the position that the Association has not demonstrated the need for the early retirement benefit. It is the Employer's position that no other districts have early retirement language of this type except Hartford Joint No. 1 (Hartford Elementary). In its view, the Employer has no self-interest in losing experienced teachers to early retirement. Further, it finds no merit in the Association's argument that the Employer saves money by spending money. Thus, it believes that

the proposal does not present any benefit to the Employer. Similarly, it denies that there is a need for the child care leave. It believes its current provision is adequate. Finally, it argues that it is doing exactly what Governor Tony Earl requested in that he stated that school boards should try to hold their budget increases below 7.3% or face levy limits. It finds no justification in the Association's proposal for 10% wage increase.

## DISCUSSION

### WAGES

#### Cost-of-Living

The proposed agreement will run from September 1, 1985 to August 31, 1986. The relevant consumer price index changed 3.8% from September 1984 to September 1985. The final offer of the Employer (total package) is 6.64% and that of the Association is 10% total package. This factor favors the final offer of the Employer.

#### Lawful Authority

The Association takes the position not only that the mediator-arbitrator should compare wages and benefits of this unit with the larger schools of Hartford, but that less weight should be given to potential inability and difficulty to pay arguments because this district could join others to change from the "archaic" K-8 feeder school system. The Association rightfully questions how any district sharing identical economic conditions can pay significantly different rates, and arguments addressed to that disparity are appropriate arguments and discussed elsewhere. Section 111.70(4)(cm) requires the mediator-arbitrator to "give weight to ... a. the lawful authority of the municipal authority." Although there is ambiguity, the proper construction of this statute is that the mediator-arbitrator cannot render an award which would require the municipal employer to exceed its lawful authority. Particularly, in the absence of a showing that this municipal employer can change its legal form at will, this statute forbids me from disregarding the legal form of the Employer.

#### Comparisons

The Association's proposed additional comparables, the Arrowhead feeder schools, Arrowhead and Hartford union high schools, are offered for the purpose of establishing a primary comparability group which by comparison in bargaining tends to raise wages to the level which the Association deems appropriate. While there may be merit to that argument, the feeder schools to Hartford Union High School are generally more closely comparable with one another. The schools in the Arrowhead area, are far closer to the Milwaukee and Waukesha urban areas than Neosho. In addition, some of these schools have unique local economies not shared by Neosho. The feeder schools to Hartford are generally in the same general area and are, thus, likely to share similar political and economic make-up. Except for Hartford Elementary, all are non urban small school districts. In my view, although Hartford Elementary is larger and more urban by virtue of its location, it is likely to share many of the political and economic realities with the feeder districts. Erin No. 2 (12.44 full-time equivalent and Richfield Joint No. 11 A/K/A Friess Lake, 11.60 full-time equivalent) are not organized. These districts represent wage rates in this area and are, therefore, generally comparable. They are given weight to the extent they are reasonably consistent with labor relations in the area. Hartford Union High School is a large employer with a much larger tax base. It is indicative of the same local economic and political concerns. I have, therefore, given that weight as a secondary comparable.

The comparisons in this case heavily favor the Association's position. Among the eight feeder schools, Neosho ranked very low for 1984-85 in all but BA maximum.

	BA BASE	BA 6	BA MAX	MA MIN	MA 9	MA MAX	SCH MAX
Rank	7	5	2	7	7	8	6
Average	15452	19838	21164	17368	23769	27098	28048
Neosho	14950	19435	22425	16296	23023	25266	

(4.2 full-time equivalent are in the BA range other than at maximum, 4 employees are at BA MAX, 4 are in the advanced BA upper steps and 2.1 are in the MA area.)

For 1985-86 six of the seven other school districts settled. The available information is as follows:

	Av. Inc.	%	Av. Inc.	%
Erin No. 2	\$1,975	8.5	2,586	8.7
Hartford Jt. No. 1	1,848	7.4	2,589	8.1
Herman No. 22	1,982	8.6	2,651	8.7
Richfield Jt. No. 11	512	2.5	912	3.4
Richfield Jt. No. 7	1,995	9.4	2,576	9.7
Richfield No. 2	2,083	8.6	2,688	8.6
Rubicon Joint No. 6	1,912			
Average	1,758	7.5	2,181	7.87
Av. W/O Plat (Rich. No.7)	1,966	8.5	2,618	8.8
Employer	1,293	6.08		6.64
Association	2,045	9.61		10.00

It should be noted that the Association's offer is closer to the settlements except Hartford and (Plat) Richfield Joint No. 7. Even Hartford could be viewed as closer to the Association's position. With the settlement of Plat, the figures favor the Employer slightly. Without that settlement, they heavily favor the Association's position. I have not given this settlement weight because the employer is unrepresented, and I do not believe that this settlement is reasonably likely to be of the type which would have occurred from voluntary collective bargaining had the employees been represented. Accordingly, the comparability factor heavily favors the Association's position.

#### Interests and Welfare of the Public

The evidence indicates that Neosho like all of its comparable districts (except Hartford) is essentially rural. The 1980 median family income was \$21,932, second lowest of the comparison communities. The average of these communities was \$25,272. Only nearby Herman was lower at \$20,288. The 1980 percentage of families below poverty is similar here to others. All of these districts suffer the effects of the national farm crisis; however, unemployment is significantly worse in Dodge County (8.2%) where Neosho is situated than state (7%) in Washington County (6.6%) or Waukesha County (5.9%).

Recently, members of the public appeared at the annual meeting of the Employer and voted down the school budget. Members of the public displayed animosity towards wage increase for teachers when they felt that their own incomes had not risen significantly. In response to this, the Employer cut its proposed budget by deferring maintenance, reducing its allocation for teacher increases, eliminating some nonprofessional positions and reducing extra-curricular activities. Further, a large portion of the Employer's budget increase was allocated to raising additional revenue for cash flow purposes. The Employer, apparently, has been suffering cash flow problems as a result of deferred property tax receipts. The Employer reduced the amount allocated in its budget for cash flow purposes from \$27,000 to \$13,500. Although the Employer did not take that position or offer direct testimony on these actions, they tend to support an inference of difficulty in paying.

The public has two sometimes conflicting interests. One is maintaining a qualified and competent staff which includes paying salaries at a level to attract and retain competent employees. The other one is obtaining education at the lowest reasonable cost. There is no doubt that the wage increase proposed by the

Association would increase the tax burden on a citizenry which is already hard pressed. Nonetheless, salaries in the Neosho are the second lowest in the Hartford area. The offer of the Employer would make these salaries the lowest in the area. My observation suggests that teacher morale in Neosho is already visably low. By comparison the wage offer of the Association is slightly better than comparable. It will slightly improve the relative standing of Neosho teachers, but salaries here will remain comparatively low.

Given the economic circumstances of this district, the proposal of the Association to increase relative rank is not warranted at this time. However, the proposal of the Employer with respect to wages which further reduces the relative ranking of unit employees is also not supported. With respect to the wage proposals, the public interest tends to favor the position of the Association. However, as noted below, the public interest strongly favors the position of the Employer with respect to voluntary early retirement.

#### CHILD CARE LEAVE

The current maternity leave provision Article 10 provides for the required paid leave of absence from the date the employee is physically unable to work to the date the employee is physically able to work. It permits the teacher an opportunity to continue on an unpaid leave status until the end of the school term following the birth. The proposal of the Association grants teachers with two years of service a twelve month unpaid leave. Additionally, the proposal of the Association clarifies proported ambiguities in that it makes clear the current practice that maternity leave benefits which are paid are deducted from sick leave. Hartford Union High School has the benefit substantially similar to that proposed by that of the Association herein. Of the seven other comparable districts only two have a contractual provision with a similar benefit. One of the two, Hartford Elementary, has a benefit the same as that in the current Neosho agreement. Richfield Joint No. 2 has a benefit similar to that proposed by the Association. Although there is some ambiguity in the existing language, the parties appear to have a full understanding of the meaning of that language. In any event, the proposal of the Association, by expanding the benefit, exceeds the language which is necessary to correct the ambiguities. On the basis of the foregoing, I believe that the position of the Employer is supported on this issue.

#### VOLUNTARY EARLY RETIREMENT

The Association proposes to permit an employee to retire who has not less than twenty years of service in the school system. Under the proposal, the employee will be entitled to receive a Wisconsin Retirement Fund annuity pursuant to the terms of Section 42.245(2)(bm), Wis. Stats.3/. If the employee is eligible for benefits under Section 42.245, the Employer is required to make additional contributions as required by the Wisconsin Retirement Fund. In addition thereto, the Employer is required to pay family health insurance coverage premiums for three years for the employee. At this time there is only one employee eligible for approximately seven years. The Association has provided costing information which demonstrates the maximum liability of the Employer. Under this, the Employer is required to pay for an Employee who retires at age 55 with twenty-nine years of service \$23,780 to the Wisconsin retirement system and, over a three year period, \$6,030 for health insurance. The Association has indicated that if the Employer hires a new employee at the beginning of the salary schedule, the cost savings would be \$30,800 or a total savings over three years of \$1,990.

The Association offered no comparability evidence with respect to this proposal; however, the Employer has admitted that there is one district among the comparables which does have this provision, Hartford Elementary. No other school districts have

---

3/ Section 42.245(2)(bm) has since been repealed; however, its provisions are incorporated into Ch. 40, Wis. Stats.



this proposal.

Voluntary early retirement provides a dignified and financially secure avenue for older teachers to leave teaching with full recognition of their service. Both employer and employee benefit when employees are given the choice. The level of benefit proposed here is not so high as to discourage teachers who wish to stay. Often these proposals result in cost savings. They have been proposed both by employers and labor organizations and often are products of voluntary agreement.

The specific example of the Association assumes the retirement of a teacher at age 55 and retires from the maximum step of the BA+20 column. The affected employee is age 60 and has 27 years of service, but no costing has been offered for that case. Adjusting the example as much as possible, cost to the district upon this person's retirement is \$22,140 apparently paid in one lump sum immediately to the Wisconsin Retirement System and health insurance costs of \$6,030 spread over three years. The total is \$28,170. If the Employer hires a new employee at the BA base \$16,060, it will save \$10,600 per year over three years, ultimately saving \$3,630. However, if the Employer is unable or unwilling to replace the experienced employee with someone at the BA base, it could realize little or no recovery. 4/ For example if the Employer hires someone with equivalent education (BA+20) and 5 years experience completed, the Employer would recover only \$14,454 over three years and not recover \$13,716 of the funds expended. If this occurs, this would represent 3.6% of this small employer's 1984-85 bargaining unit total cost. This potential cost impact is not included in the costing of the final offers and would raise the Association's total cost to 13.6%.5/ The evidence indicates that unit wages are low and hiring could be a problem. Based upon the lack of comparability, and the risks involved to Employer, the Employer's position is favored on this issue.

#### TOTAL COMPENSATION

The average total package increase in the area is 8.8%. If the Employer does not recover its cost by hiring a lesser paid employee, the Employer's total package offer would be closer to appropriate. (Association's 13.6% compared with Employer's 6.6%). If the Employer does hire with complete cost savings (Association 10%), the offer of the Association is closer.

#### WEIGHT

Section 111.70(4)(cm) requires that I select the final offer closest to appropriate under the statutory criteria. I may not change either offer. The weight to be assigned the statutory criteria and importance of various proposals is left to the mediator-arbitrator. Both offers contain substantial negatives and neither is appropriate. The final offer of the Employer is substantially low. It would reduce the comparative standing of unit employees whose wages are already low by every measure of comparison. Given the already low wages paid here, an offer at least preserving relative rank would have been appropriate. The wage offer of the Association increases relative rank, but is by far much closer to the appropriate size of increase. Thus, the Association's wage offer is clearly to be preferred in this case. The Association added other proposals, most notably early retirement which would not have been voluntarily accepted on the hopes that the preference for their wage offer would carry along the undesirable proposal. However, the risk factor associated with voluntary early retirement outweighs the positive aspect of the Association's proposal. Unless I disregard the legal form of the Employer, the Association's Voluntary Early Retirement proposal risks a substantial and unwarranted cost factor in this

4/ Article XXX requires new hires be credited with a maximum of 5 years of previous service and actual credits and degree.


5/ However, 3.6% would occur only in the 1985-86 contract year (one time expense).

Employer's finances. The offer of the Employer is to be preferred. I would note that the Association is entitled to a catch-up adjustment in 1986-87.

AWARD

That the offer of the Employer be incorporated into the agreement.

Dated at Milwaukee, Wisconsin this 29 day of September, 1986.

  
Stanley H. Michelstetter II  
Mediator-Arbitrator

APPENDIX A.1: SALARY SCHEDULE FOR 1984-85

A. Base \$14,950

B. Increment: 5.0% non-cumulative

C. Training Differential: 3%

STEP	B.A.	BA+10	BA+20	M.A.	MA+10	MA+20	MA+30
0.0	14950	15399	15847	16296	16744	17193	17641
1.0	15698	16146	16595	17043	17492	17940	18389
2.0	16445	16894	17342	17791	18239	18688	19136
3.0	17193	17641	18090	18538	18987	19435	19884
4.0	17940	18389	18837	19286	19734	20183	20631
5.0	18688	19136	19585	20033	20482	20930	21379
6.0	19435	19884	20332	20781	21229	21678	22126
7.0	20183	20631	21080	21528	21977	22425	22874
8.0	20930	21379	21827	22276	22724	23173	23621
9.0	21678	22126	22575	23023	23472	23920	24369
10.0	22425	22874	23322	23771	24219	24668	25116
11.0	---	23621	24070	24518	24967	25415	25864
12.0	---	---	24817	25266	25714	26163	26611

act: neosho

Schedule: no5602

# Appendix B

Step	BA	BA + 10	BA + 20	MA	MA + 10	MA + 20	MA + 30
0	15535	16001	16467	16933	17399	17865	18331
1	16312	16778	17244	17710	18176	18642	19108
2	17098	17565	18031	18487	18953	19419	19885
3	17865	18331	18797	19263	19729	20195	20662
4	18642	19108	19574	20040	20506	20972	21438
5	19419	19885	20351	20817	21283	21749	22215
6	20195	20662	21128	21594	22060	22526	22992
7	20972	21438	21904	22370	22836	23302	23769
8	21749	22215	22681	23147	23613	24079	24545
9	22526	22992	23458	23924	24390	24856	25322
10	23303	23769	24235	24701	25167	25633	26099
11		24545	25011	25477	25943	26409	26875
12			25788	26254	26720	27186	27652

Appendix C

prior to which the coverage would be in effect.

\*In the event that an arbitration award is not received by March 15, 1986, any eligible employe shall have thirty (30) calendar days after the receipt of the arbitration award to notify the District of his or her intent to retire and such notice will then meet all of the requirements of Paragraph 4 above.

E39: (22) 'N E O S H O 1985-86 Salary Schedule Offer # \$2,045

XX

39 N E O S H O 1985-86 Salary Schedule Offer # \$2,045

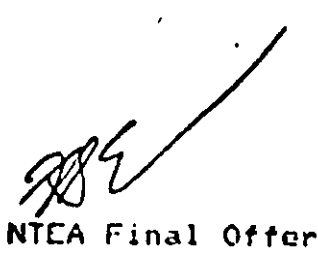
40	41	Step	B.A.	BA+10	BA+20	M.A.	MA+10	MA+20	MA+30
42	=====								
43	1	16,060	16,542	17,024	17,505	17,987	18,469	18,951	
44	2	16,863	17,345	17,827	18,308	18,790	19,272	19,754	
45	3	17,666	18,148	18,630	19,111	19,593	20,075	20,557	
46	4	18,469	18,951	19,433	19,914	20,396	20,878	21,360	
47	5	19,272	19,754	20,236	20,717	21,199	21,681	22,163	
48	6	20,075	20,557	21,039	21,520	22,002	22,484	22,966	
49	7	20,878	21,360	21,842	22,323	22,805	23,287	23,769	
50	8	21,681	22,163	22,645	23,126	23,608	24,090	24,572	
51	9	22,484	22,966	23,448	23,929	24,411	24,893	25,375	
52	10	23,287	23,769	24,251	24,732	25,214	25,696	26,178	
53	11	24,090	24,572	25,054	25,535	26,017	26,499	26,981	
54	12		25,375	25,857	26,338	26,820	27,302	27,784	
55	13			26,660	27,141	27,623	28,105	28,587	

XX

12-Jan-86 11:22 PM Calc Cap

1985-86	B A S E	Salary =>	\$16,060.00
	Total Cost	=>	\$330,561.05
	Average Salary	=>	\$23,009.96
14.366	(=FTE Ave. Increase=>)		\$2,045.32

12-Jan-86 11:12 PM

  
 NTEA Final Offer