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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

STATE OF WISCONSIN

BEFORE THE ARBITRATOR

In the Matter of the Petition of	
BALDWIN-WOODVILLE AREA SCHOOL DISTRICT	Case 9 No. 35377
To Initiate Mediation-Arbitration Between Said Petitioner and	Med/Arb-3398 Decision No. 23251-A
WEST CENTRAL EDUCATION ASSOCIATION	

APPEARANCES

For the Association: James H. Begalke, Executive Director

For the District: Stephen L. Weld, Attorney at Law
Mulcahy and Wherry, S. C.

I. BACKGROUND

On June 24, 1985, the parties exchanged their initial proposals on matters to be included in a new collective bargaining agreement to succeed the 1984-85 Agreement. Thereafter the parties met on one occasion in efforts to reach an accord on a new collective bargaining agreement. On July 23, 1985, the District filed a petition requesting that the Wisconsin Employment Relations Commission initiate Mediation-Arbitration pursuant to Section 222.70(4)(cm)6 of the Municipal Employment Relations Act. On October 1, 1985, a member of the Commission's staff, conducted an investigation which reflected that the parties were deadlocked in their negotiations, and, by January 15, 1986, the parties submitted to the Investigator their final offers, as well as a stipulation on matters agreed upon, and thereafter the Investigator notified the parties that the investigation was closed; and the Investigator advised the Commission that the parties remain at impasse.

The Commission then ordered the parties to select a Mediator/Arbitrator and the undersigned was so selected. Subsequently a timely petition for a public hearing was filed. The Arbitrator conducted the public hearing on May 10, 1986, and immediately thereafter engaged in mediation efforts to resolve the outstanding issues. All but one issue, wages, was settled. Additional stipulations were reached on disability insurance, elementary school supervision pay, class overload pay and Article IX(4). An arbitration hearing was then conducted and evidence relating to the wage issue was presented. Initial briefs were exchanged July 29, 1986, and the reply briefs were exchanged September 30, 1986.

II. ISSUE

As noted the only issue is wages. More specifically, the parties are at odds not only on how much to increase the salary schedule but how to structure that increase. The District proposes to increase each cell of the schedule by 5.25%. The Association proposes to increase all steps except the career or maximum step by 6.5%. They propose to increase the career step by 7%.

The Board's offer yields an average teacher wage increase of $1589 or 6.9%. The Association's offer yields an average teacher increase of $1943 or 8.4%. The total package value of

the District's offer is 7.02% or $2150 per teacher compared to 8.44% or $2585 per teacher under the Association's offer.

The parties also differ on the associated issue of comparables. The precise nature of these differences will be highlighted below.

III. ARGUMENTS OF THE PARTIES

Both parties presented extensive briefs and reply briefs. The following represents a quite limited summary of their written presentations.

A. Comparables

1. The Association

The Association suggests the following comparables:

Primary	Secondary
Durand*	Somerset*
Mondovi*	Glenwood City
Menomonie	Boyceville
Prescott	Elmwood
St. Croix Central	Spring Valley

*Members - Middle Border Athletic Conference

In developing this set of comparables, the Association believes it is justified in excluding Amery and New Richmond even though both are members of the athletic conference and settled for 1985-86. To summarize their argument in this regard, it is adequate to say they believe (1) New Richmond should be discounted because its 1985-86 settlement is the third year of a three-year agreement negotiated in a different economic framework and (2) Amery should be ignored because the parties there completely restructured their salary schedule.

They also believe because of the limited number of valid settlements in the athletic conference and because of their similarities to Baldwin-Woodville, Menomonie, Prescott and St. Croix Central should be considered primary comparables. They note these schools along with Somerset, Glenwood City, Boyceville, Elmwood and Spring Valley were determined to be secondary comparables by Arbitrator Rice in a previous arbitration between the parties.

B. The District

The District suggests the following settled schools are comparable:

Durand	Somerset
Mondovi	Glenwood City
Amery	St. Croix Central
New Richmond	Spring Valley
River Falls	

They disagree that Menomonie, Boyceville and Prescott should be considered comparable because of differences in size, proximity to Baldwin-Woodville and proximity to St. Croix County. Moreover, they believe gimicks in the settlements of certain schools make them difficult to compare.

B. Salary Schedule

1. The Association

The WCEA contends that its final offer of a 6.5 to 7% adjustment to the salary schedule cells is closer to what the parties would have voluntarily agreed to than is the Board's

5.25%. In justifying their position, the Association relies on the traditional benchmark analysis (both in dollars and percentages). Consistent with their position on the comparables in their analysis they present comparative benchmark data for Mondovi, Durand, Menomonie, Prescott and St. Croix Central. They contend these schools sufficiently establish a pattern and that benchmark comparisons for a variety of reasons are more valid than total salary and benefits comparisons. In fact in this regard they question the costing provided by the District for a number of the comparable schools. For instance, Union data shows a $1933 average increase for St. Croix Central whereas the Employer data shows $1702. A similar question is raised regarding Somerset.

In terms of specific comparisons, the Association first isolates Durand and Mondovi for benchmark comparison purposes. Next they compare Baldwin-Woodville to Durand and Mondovi, along with Prescott, St. Croix Central and Menomonie. Basically, they believe their offer is most consistent with the benchmark increases for 1985-86 and that their offer results in benchmark levels which are most consistent with the 1984-85 differentials. In this regard, they assert that in a voluntary agreement the parties would attempt to maintain the 1984-85 dollar relationships between Baldwin-Woodville and the settled schools. Moreover, citing Arbitrator Rice in Auburndale, Dec. No. 20701-A, 8/22/83, they contend these relationships shouldn't deteriorate without a showing of an inability to pay. They acknowledge that there is some gain under their 1985-86 offer in the already positive benchmark differentials that existed in 1984-85. However, they suggest that any gain under the Union offer is less than the potential loss under the Board proposal. Thus, WCEA's proposal is closer to what the parties would have voluntarily agreed to if that had been possible.

The Association also anticipates that the Employer will probably argue that the Union offer is inappropriate as it increases the Career Step at a different percent from the other salary steps. In this regard they submit that it is not unusual for the parties to treat certain steps of the schedule differently than other steps. For instance, in the last two bargains the career step and the minimum salaries have been treated differently. In 1982-83 the base salary of $12,792 was ranked seventh out of eight conference schools and the MA minimum was ranked fourth out of eight. During the negotiations for a 1983-84 contract it was agreed to drop the first step from the salary schedule which had the effect of increasing the BA minimum salary 11.19 percent and the MA minimum 11.18 percent, while the MA maximum career steps increased 6.4 percent. Again in 1984-85 the parties desired more competitive minimum salaries, so the first two steps of the salary schedule were eliminated. In 1984-85 the base salaries increased 15.14 percent for the BA minimum and 15.11 percent for MA minimum. For 1984-85 the maximum or career step salaries increased 6 percent.

They also believe their offer is supported by statewide comparisons for the benchmarks. These range from 6.8% to 7.9% compared to the final offers at 5.25% and 6.5-7%. Moreover, they believe the total compensation for Baldwin-Woodville teachers is in line with comparable schools.

Regarding other statutory criteria, specifically, the public interest, they suggest the Board is defining the public interest as lower taxes. On the contrary, the WCEA suggests that if its final offer is not selected the Baldwin-Woodville School District will lose its 1984-85 voluntarily agreed to salary schedule dollar relationship to comparable schools and, therefore, make Baldwin-Woodville less competitive for maintaining a high quality educational staff. Simply put, the Board translates public interest into taxes and the Union translates public interest into the quality of the professional teaching staff.

With respect to the farm economy, the Association contends there was no showing that the District experienced any different economic conditions than those encountered by the comparables. Therefore, Baldwin-Woodville should be able to afford the same kind of settlement as other comparable districts. In fact, they believe the economic evidence shows Baldwin-Woodville is probably better off than its neighbor. Additionally, farmers have benefited by the Wisconsin Farmland Preservation Tax Credit Program and reduced land values translating into reduced taxes. Thus, in their opinion the Employer failed to prove that it has any school budget difficulties which should justify a teacher salary increase below the settlement pattern.

They also anticipate arguments concerning the cost of living. They submit, with citations to support their position, that the best indicator of the cost-of-living is the pattern of settlements at the benchmark salaries.

The Union in its rebuttal brief expended great effort responding to an award for 1985-86 by Arbitrator Rice in the School District of River Falls. This award was issued before the cut-off date the parties agreed to for settlements occurring after the hearing. This was the due date of the briefs. A problem arose because the decision was not received until after the deadline. Even so the Arbitrator ruled it admissable noting the parties would have an opportunity in rebuttal briefs to respond.

The River Falls award was in favor of the Employer. Even so and even in view that the Association disagreed with the analytical approach taken by Arbitrator Rice, they believe that the decision supports their offer in Baldwin-Woodville. They look at the data in this case on a total wage percentage basis, dollars per returning teacher basis, total package basis and submit that it favors their offer.

2. The District

The District's first argument relates to the cost of living. They submit that when compared to the cost of living increases, the Board's final offer is undeniably more reasonable. They note the various indices range between 3.5 and 2.2 for 1985.

The Board does recognize that some Arbitrators have accepted the argument that the level of teacher settlements in a comparable pool serves as an indicator of the cost of living in a given locale. However, in this case, the only athletic conference schools settled are quite distant from Baldwin-Woodville. Therefore, the Board submits that a clearer indicator of the cost of living in a specific area is the private and public sector settlements in the same community. They present detailed evidence on the other public and private sector

In terms of other teacher settlements, they argue that the settlement pattern in comparable school districts supports the District's final offer. In supporting this conclusion, they maintain benchmark comparisons should be avoided and not used as the "sole comparative tool:" since many districts in the comparable pool are restructuring their schedules. They detail these changes. Instead they rely on an average teacher wage and total package increase approach which they argue favors the District.

Not completely disregarding benchmarks, the District also argues that even though benchmark comparisons are of limited value, they do demonstrate the reasonableness of the Board's final offer. They look at increases over the last five years and conclude that (Where is the quote?????)

Also, with respect to a per cell increase approach the Employer anticipates the Association will argue that even its own offer is less than some of the per cell increases. However, the Employer maintains that such an argument ignores important components of those settlements that actually limited the cost impact of the settlements. For example, the Union points out that Mondovi and St. Croix Central have added 7% to each cell. However, to minimize the substantial cost involved with this agreement, in both districts the parties agreed to delay the implementation of the Board's assumption of the full retirement contribution for the employees. Other districts, Glenwood City, Spring Valley, and Boyceville (a Union proposed comparable), as noted earlier, have delayed the implementation of their salary schedules. Prescott, another Union propsoed comparable, froze the experience increment and Amery placed staff artificially on the salary grid. Thus, they develop a comparison of the actual wage rates in effect concluding that at all but one benchmark the Board's final offer exceeds and is nearer the average than is the Association's final offer. Next, the District notes that the Association's final offer also changes the salary schedule structure. By adding 7% to the career step of the salary schedule, the traditional ratio between the base of each lane and the career step is destroyed. The Board submits that there is no justification for this change. First, the District occupies a competititve maximum salary. Second, this career step can be equated to a longevity payment. The Association has virtually demanded an increase in a payment that is not commonly found in comparable districts. Board exhibit 56 clearly demonstrates that eight of the eleven comparable districts do not provide this payment. Indeed, Amery negotiated a longevity payment out of its contract this year. In their opinion, this aspect of the Association's final offer is not supportable. A similar conclusion is reached by the District when they analyze the offers in terms of total compensation. It is their opinion that the evidence clearly indicates that the fringe benefits received by Baldwin teachers are competitive with the benefits provided to teachers in the comparable districts.

Another relevant consideration, in their opinion, is the fact that the Board's final offer more nearly matches the increases received by other municipal employees, other private sector employees and other employees of the District. This relates to their cost of living argument but is more detailed. They submit that the Arbitrator must compare the wage levels received by other Baldwin-Woodville School District employees, Village of Baldwin, Village of Woodville, St. Croix County and private sector employees with the parties' final offers. They maintain when these settlements are compared with the parties' final offers, the Board's offer emerges as the more reasonable as it is closer to the norm. This is true not only in respect to the actual wage increases in these settlements but their direction relative to the previous year. Specifically, some of these municipal employees have recognized the economic crisis faced by the area's taxpayers by accepting

an increase that is less than the increases they received in 1985. A similar trend is highlighted relative to the private sector.

The last argument presented by the District is developed extensively. It is their position the Baldwin-Woodville Board of Education's final offer remains more responsive to the interests and welfare of the public than does the Association's final offer. In this regard, they present detailed evidence and contentions with respect to the impact of the Associaton's offer on the farm economy in the area. They cite depressed commodity prices, increased changes in federal regulation and increased reliance on credit to support operating costs. This has also translated into business closings in related businesses. High taxes and declining land prices have also impacted the public.

IV. DISCUSSION

1. Comparables

After reviewing the record as it relates to the question of comparability, it is the conclusion of the Arbitrator that with one major exception and one minor exception there is no compelling reasons to depart from the basic comparability groups established by Arbitrator Rice in his 1982 decision between the parties.

The major exception for this year's purposes is New Richmond. The settlement in New Richmond is the third year of a three-year settlement. It simply is too old and aberrant to be meaningful. It might be given more weight if there was not an adequate collection of data from other settlements to formulate a clear pattern. However, the data does yield a clear pattern and it is the opinion of the Arbitrator that including the New Richmond settlement would exercise an invalid influence on the settlement data.

The minor exception is Amery. Because of its unusual nature, Amery cannot be considered comparable for benchmark comparison purposes. It will be useful for average increase comparisons. The District argued that other schools that employed "gimicks" to adjust their schedules should be discounted for at least benchmark purposes. However, the impact of these manipulations is not materially significant to discount the usefulness of their benchmarks.

2. Salary Schedule

It would be helpful to establish an analytical framework at the outset. In his consideration of the record, it is the Arbitrator's conclusion that comparisons with other teacher settlements, under these facts and circumstances, deserve more weight than the other statutory criteria. The Arbitrator--in line with well established arbitral thought--is satisfied that there is enough reliable comparability data that these comparisons should be a reasonable reflection of the weight to be afforded other criteria such as cost-of-living, other public sector settlements and the interest and welfare of the public. Additionally, there is no indication that Baldwin-Woodville is different enough from other comparable districts in any material respect that would indicate that it should not follow the general pattern of teacher settlements.

On an average-teacher-increase-basis, the settlement data indicates both offers are off the mark, and it is no surprise the Association is higher than the average and the Board is lower. This is reflected by the following:

1985-86 Average Teacher Settlement

	$	%
Primary Comparables	1840	8.38
Secondary Comparables	1819	7.98
Combination of Primary and Secondary	1826	8.12
Association	1943	8.4
Board	1589	6.9

However, it is apparent that the Association's offer on this basis is closer on all counts than is the Board's. Relative to the primary comparables, they are $103 above the average settlement compared to the District's offer which is $251 below the average. The difference is somewhat less dramatic but nonetheless significant in the secondary comparables in terms of dollars. In terms of percentages the Association is very close to the primary comparables where the District is nearly a percent and one-half low.

The following data was utilized when reviewing the benchmark increases in the primary and secondary comparables.

1985-86 Benchmark Increases Primary Comparables

	BA Min $/%	BA Max $/%	MA Min $/%	MA Max $/%	Schedule Max $/%
Average	1067/7.3	1397/6.5	1059/6.76	1609/6.1	1632/5.9
Board	860/5.3	132/5.2	965/5.3	1439/5.3	1475/5.4
Difference	-207/-2	-265/-1.3	-94/-1.46	-170/-.8	-157/-.5
Assoc.	1065/6.5	1539/7.0	1194/6.5	1883/7.0	1925/7.0
Difference	-2/-.8	+142/.5	+135/-.26	+274/+.9	+293/1.1

1985-86 Benchmark Increases - Secondary Comparables

	BA Min $/%	BA Max $/%	MA Min $/%	MA Max $/%	Schedule Max $/%
Average	1066/7.2	1436/6.9	1185/7.2	1767/6.8	1951/7.2
Board	860/	1137/5.2	965/5.3	1439/5.3	1475/5.4
Difference	-260/-1.9	-299/-1.7	-220/-1.9	-328/-1.5	-476/-1.8
Assoc.	1065/6.5	1539/7.0	1194/6.5	1883/7.0	1925/7.0
Difference	-1/-.7	+103/.1	+9/.7	+116/.2	-26/.2

1985-84 Benchmark Increases - Combination of Primary and Secondary

	BA Min $/%	BA Max $/%	MA Min $/%	MA Max $/%	Sched Max $/%
Average	1111/7.5	1425/6.8	1150/7.1	1824/6.6	1864/6.8
Board	860/5.3	1137/5.2	965/5.3	1439/5.3	1475/5.4
Difference	-251/2.2	-288/1.6	-185/1.8	-285/1.3	-389/1.4
Assoc.	1065/6.5	1539/7	1194/6.5	1883/7.0	1923/7.0
Difference	-46/1.0	+114/.2	+44/-.6	+159/.4	+61/.2

Based on the primary comparables the District is farther off the mark than the Association both in dollars and percentages at the BA Max and BA Min. At the MA Min the Board is slightly closer on dollars but on a percentage basis even the Association is slightly lower than the average. The difference at the MA Max is, on a percentage basis, nearly identical. The Association is .9% above the average and the District is .8% below the average. On a dollar basis at this benchmark, however, the District is closer. At the schedule max, the District is closer on both counts.

A strong preference is not apparent based solely on the primary comparables, however, reliance on the secondary comparables alone and a combination of primary and secondary shows a clear preference for the Association. It is justified to rely on the secondary comparables here because of the limited number of settlements in the primary group and the strong similarities between Baldwin-Woodville and many of these schools. The secondary data shows that the Association's offer is virtually identical to the pattern at the BA Min, MA Max and Schedule Max and is closer to the average increases at the other two benchmarks.

The combination of primary and secondary gives a broader perspective and for the purpose of this case a better perspective. The Association is below the average at the BA Min (-$46) and very close to it at the MA Min (+$44) and schedule Max (+$61). The Association significantly exceeds the average at the BA Max (+$114) but less so than the District (-$288) and this is also true for the MA Max, +$59 vs. -$285.

In view of the data reviewed above, the all important comparability factor clearly favors the Association. However, there is a flaw in the Association's offer. As noted by the District they propose to increase the maximum steps by a greater percentage than other steps. Traditionally, all steps have been treated equally in terms of increasing them from year to year. The location of a step on the schedule may have changed but the percentage value of the increased step was the same for everybody. The Association has not demonstrated any particular need why employees at the maximum should receive any more of a cell increase than other employees and apparently there is none since Baldwin-Woodville is competitive at these benchmarks. The only clue--and a good one indeed--is that 52% of the teachers are at the maximum.

This kind of manipulation without regard to need and without regard to the traditional wage structure should ordinarily be only the result of voluntary bargaining. However, this flaw must be weighed against the flaw in the Employer's offer, namely the fact it is significantly off the settlement pattern. The Association's manipulations amount to one-half percent for about half the teachers. The effect of this is that the teachers at the BA Max, MA Max and Schedule Max will receive $110-134-137 more than they would if every cell were treated equally as has normally been done. Comparatively, under the Board's offer all teachers on average will receive -237 less than combined comparables and a similar result would be seen in the benchmarks. The average benchmark increase under the Board's offer would be as much as -389 off the mark and a minimum of -185 less than the average increase. Basically, the Arbitrator thinks the Association was greedy in not only the total amount of their salary proposal but in the way in which it was structured. However, their offer isn't as greedy as the District's is modest. Moreover, the Association's manipulation doesn't significantly alter their relative position at the benchmarks. On the other hand, the District's would cause some erosion.

It is unfortunately apparent, as it is all too often in final offer arbitration, that the Arbitrator must choose between two unpalatable offers. There is very little satisfaction in rewarding an unreasonably and inequitably

fashioned offer because it--all things considered--postured closer to the norm. However, where a settlement pattern is clear, relative reasonabless is the most objective basis to choose between two parties who have failed to voluntarily agree on a settlement consistent with the norm. Had the District's offer been higher and the Association had manipulated more of their increase to the top of the schedule, the result may have been different.

AWARD

The Parties 1985-86 contract shall include the Final offer of the Association.

Gil Vernon, Arbitrator

Dated this 23rd day of December, 1986, at Eau Claire, Wisconsin.