

RECEIVED

JAN 06 1987

STATE OF WISCONSIN
BEFORE THE MEDIATOR-ARBITRATOR

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

```

-----
In the Matter of a Mediation-Arbitration :
  between :
ADAMS-FRIENDSHIP AREA : Case 26 No. 36155
EDUCATION ASSOCIATION : MED/ARB-3696
  and : Dec. No. 23400-B
ADAMS-FRIENDSHIP AREA :
SCHOOL DISTRICT :
-----

```

Appearances:

Karl Monson, Membership consultant, Wisconsin Association of School Boards, appearing on behalf of the Adams-Friendship Area School District.

James M. Yoder, Executive Director, South Central United Educators, WEAC, appearing on behalf of the Adams-Friendship Area Education Association.

Arbitration Award

On May 29, 1986 the Wisconsin Employment Relations Commission, pursuant to 111.70(4)(cm)6b of the Municipal Employment Relations Act appointed the undersigned as Mediator-Arbitrator in the matter of a dispute existing between the Adams-Friendship Area Education Association, hereafter referred to as the Association, and the Adams-Friendship Area School District, hereafter referred to as the Board. An effort to mediate the dispute on August 28, 1986 failed. On August 28, 1986 a hearing was also held at which time both parties were present and afforded full opportunity to give evidence and argument. No transcript of the hearing was made. Post hearing briefs were exchanged through the Arbitrator on October 13, 1986 and neither party chose to submit a reply brief.

Background

The Board and the Association have been parties to a collective agreement the terms of which expired on June 30, 1985. In August, 1985 the parties exchanged initial proposals on matters to be included in a new collective bargaining agreement. Thereafter, the parties met on seven occasions and failing to reach an accord, the Association filed a petition on December 13, 1985 with the Wisconsin Employment Relations Commission to initiate Mediation-Arbitration. After duly investigating the dispute, the WERC certified on March 19, 1986 that the parties were deadlocked and that an impasse existed.

Final offers of the Parties

The Association's Final Offer

The Association proposes to change the contractual relationship between the parties in the following manner:

1985-86 Salary Schedule

The BA base salary would be \$14,890, an increase of \$540

over the BA base salary for 1984-85. In addition, the Association proposes increasing the amount of the horizontal increment between lanes and the experience increments between steps. A new lane, MA+24, would also be added. (See Appendix A).

The Board's Final Offer

The Board proposes to change the contractual relationship between the parties in the following manner:

Salary Schedule

The BA base would increase to \$15,200 which is \$850 over the 1984-85 base salary. The Board proposes an index system for the salary schedule in which each step (cell) will be a certain ratio of the BA Base amount. The Board would also add a new salary lane, MA+24. (See Appendix B).

Costing of the Final Offers

The Association's final offer would provide an average salary increase per teacher of \$2,053 or 10.3% salary increase over 1984-85. Its offer would also amount to a total package increase of per teacher of \$2,734 or 10.48%.

The Board's final offer provides a salary increase of \$1,611 per teacher or 8.1% while the total package increase would be \$2,195 or 8.04%.

The Issue of the 1985-86 Salary Schedule

The Comparables

The Adams-Friendship Area School District is a member of the South Central Athletic Conference. Of the nine districts which make up the Conference only Portage, Baraboo, Nekoosa and Wisconsin Dells have settled contracts for the 1985-86 school years. The remaining districts without settlements are Mauston, Reedsburg, Sparta, Tomah and Adams-Friendship.

The Board's Position. The Board would begin with the four settled districts of the conference and by adding the districts of Columbus, Lodi, Poynette and Westfield create an expanded grouping of eight comparables. The additional four districts were settled by the end of the pendency period for the instant dispute and are argued to be defensible by virtue of geographical location, size and acceptance in prior arbitration cases involving the parties.

The Association's Position. The Association also submits, first of all, the settled districts of the South Central Athletic Conference for its primary set of comparables. The Association argues that any additions to this grouping are unnecessary but if made should be given no more than secondary importance. However, if additions were to be made then the Association would limit these to Columbus, Lodi and Westfield. The Association does not agree to the Board's inclusion of Poynette, contending that, on the one hand, Poynette is in the second year of a two year agreement while on the other that it shares no common geographic or economic commonality with Adams-Friendship.

Discussion. The parties are in basic agreement that the settled districts of the South Central Conference constitute an appropriate beginning for the development of a relevant set of comparables. With agreements settled in only four of the districts in the Conference however, there is insufficient information to establish the existence of a valid settlement pattern. Therefore, the Arbitrator agrees with the parties that

in order to expand this grouping the settled districts of Lodi, Westfield and Columbus should be included. Finally, the Arbitrator will also include the District of Poynette. Contrary to the Association's assertions, that district is comparable in size, location and related characteristics to the other districts to be utilized. Moreover, the fact that it is in the second year of a two year contract, on its face, should not be grounds to disqualify it.

Positions of the Parties on the Salary Offers

The Board's Position

First, the Board contends that salary benchmark analyses using both the settlements of the Conference and its expanded list support its position. This is true, argues the Board whether one considers rankings, ratios or dollar and percent increases. In addition, using its comparables to assess the relative value of such indirect payments as life, health and LTD insurance the Board also concludes that the District provides better than average total compensation for its teachers.

Second, The Board calls to the Arbitrator's attention the changes in the Consumer Price Index for July-July 1985-86; a 1.2% increase. In this respect, the Board argues that the total increase offered by the District (which it calculates to be over 8%) is well above changes in the cost of living and therefore the Association's offer is labeled as "unjustified by comparison."

Third, the Board asserts that while it is not arguing an inability to pay concept never-the-less Adams-Friendship is a rural school district, says the Board, and therefore a public interest or difficulty to pay concept is appropriate.

In support of this position the Board cites a lengthy list of arbitrators who, in attempting to balance the public interest with the employee interest have given weight to the state of the economy. The Board maintains:

"The Board submits that in this case the general public interest and the employe interest as expressed in the Union's offer are opposed. The Board's final offer more reasonably balances the public interest with the employe interest. The Board cannot in good conscience agree to burden the already hardpressed taxpayer with a significant expenditure increase to cover the Union's excessive 10.85% compensation increase.

The Board also seeks to defend its position of a difficulty to pay the Association's offer by reference to unemployment statistics, for example, which apparently indicate that Adams County has had consistently higher unemployment rates than the state as a whole and "this with a predominantly rural population." Further the Board also cites declines in farm cash receipts and land values and increases in property taxes.

Finally, the Board adduces a series of general economy statistics on private sector wage settlements, unit labor costs, and national economic performance which purportedly support the reasonableness of the District's salary offer.

The Association's Position

The central point in the Association's position is that "of the relevant criteria in the law (W.S. 111.70) for determining the merits of the respective proposals in this instance the most applicable is a 'comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with wages, hours and conditions of employment of other employees performing similar services . . . '". In line

with this point, the Association contends that the District should at least maintain its relative placement at the salary schedule benchmarks of comparable settled school districts for 1985-86 as compared to those same districts in 1984-85.

The Association then proceeds through a benchmark analysis of the four settled Conference districts beginning with a consideration of dollar differences from the average and covering as well historical rankings. The Association concludes from this exercise that "Adams-Friendship has always ranked low in salary levels and some catch-up is therefore warranted. The fact that the Association's offer does not move Adams above the average is proof of the reasonableness of the Association's offer."

Second, switching to a secondary set of comparables combining the four settlements of the Conference plus the settlements for Lodi, Columbus and Westfield the Association concludes that here also its offer is the better of the two. The Association finds for example, that the Board's offer would drop the District's rank at two benchmarks without a corresponding improvement elsewhere. "This", argues the Association, "is clearly unacceptable where the District is comparatively low to begin with."

Third, the Association holds that the salary structure it proposes is more comparable with prevailing practice than is the proposal of the District. Here, for example, the Association attempts to show that its lane differential proposals of \$200- as opposed to that of the Board at \$132 - are more in keeping with those of other Conference schools. The Board's offer, however, is asserted to be far short of the amounts contained in other contracts' BA columns.

Beyond the comparables, the Association also raises a number of other points in support of its salary offer. First, it takes issue with the Board's contention that Adams County suffers from an impoverished economy. Only 8.4% of the population is said to be self-employed in farming and just 2.3% of the County's aggregate income is derived from that source. Rather, argues the Association, the District relies on tourism and pulpwood lumbering and possesses the highest equalized valuation per member of any school district in the South Central Athletic Conference. Second, says the Association, the statistics also show that all property including agricultural land has increased in value. The extent of the County's wealth, according to the Association, is demonstrated by the fact that the tax levy is high and state aids are low.

Discussion

Comparisons of Wages, Hours and Conditions of Employment of the Municipal Employment Involved in the Arbitration Proceedings with the Wages, Hours and Conditions of Employment of Other Employees Performing Similar Services

As indicated above, after considering the Parties' positions on the choice of comparable school districts the Arbitrator selected the four settled districts of the Board's athletic conference plus the additional settlements of Lodi, Columbus, Westfield and Poynette. A salary benchmark analysis has been carried out and is reported below in the following tables.

Beginning with an analysis of salary benchmarks we find that as a result of the Board's salary offer for 1985-86 the District would drop five places at the BA base from its position in 1984-84, two places at BA 7, and would either leave its position unchanged at MA base and MA 10 or move up one or more places at the remaining salary benchmarks. The Association would also drop

the District at the BA Base but would generally move the District upwards thereafter. As indicated in Table 1 the effect of the Association's offer is to improve substantially the District's ranking among the comparables for 1985-86 over 1984-85. On the other hand the Board's offer would leave the District largely where it stood the previous year. On this basis, the Board offer would be preferred.

TABLE 1

Ranking of Adams-Friendship Area School District
Seven Salary Benchmarks

Arbitrator's Comparables

	BA Base	BA+7	BA Max	MA Base	MA+10	MA Max	Sch Max
1984-85	2	5	4	7	9	5	7
1985-86							
Board	7	7	3	7	9	4	4
Assoc	9	5	2	7	6	4	3

Second, Table 2 presents an analysis of the extent to which the Parties' offers deviate from the dollar averages of the eight comparable school districts at each of the seven salary benchmarks. As the table reveals the Board offer shows the smallest deviation over 1984-85 at five of the seven benchmarks. Again, on the basis of this analysis the Board's offer would be more reasonable.

TABLE 2

Deviation from Dollar Average
Seven Salary Benchmarks

Arbitrator's Comparables

	BA Base	BA+7	BA Max	MA Base	MA+10	MA Max	Sch Max
1984-85	97	(30)	376	(375)	(1,130)	(190)	(1,071)
1985-86							
Board	86	(316)	264	(645)	(1,357)	(277)	64
Assoc	(396)	(54)	557	(647)	(315)	920	537

Finally, examination of the dollar and percent increases shows that the Board's offer is closer to the comparables' average for both percent and dollar increases on five of the seven salary benchmarks. See Table 3.

TABLE 3

Dollar and Percent Increases for Salary Benchmarks

Arbitrator's Comparables							
	BA Base	BA+7	BA Max	MA Base	MA+10	MA Max	Sch Max
<u>Group</u>							
Dollar Ave	1030	1314	1358	1187	1430	1556	1599
Percent Inc	7.2	7.6	6.6	7.5	6.7	6.4	6.1
<u>Board Offer</u>							
Dollar Inc	850	1028	1247	917	1203	1469	2692
Percent Inc	5.9	5.9	5.9	5.9	5.9	5.9	10.6
<u>Assoc Offer</u>							
Dollar Inc	540	1290	1540	915	2245	2665	3165
Percent Inc	3.8	7.4	7.3	5.9	11.1	10.7	12.5

On the basis of the analysis of settlement patterns in comparable school districts the Arbitrator must conclude that the District's offer is to be preferred.

Cost of Living

The Board points out that in the last year the cost of living has risen 1.2 percent. In the view of the Board, these circumstances would dictate giving heavy weight to the cost of living criterion.

An examination of movements in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the period July 1985 to June 1986 supports the Board's allegation of an increase of 1.2 percent. Moreover, for the preceding twelve months the increase in prices as measured by this index was on the order of 3.8 percent.

The salary and total package offers of both parties provide increases in compensation which are greatly in excess of the changes in the cost of living for 1985-86 as they are measured above. The result is a significant improvement in the real salaries of the District's teachers regardless of the offer selected. Moreover, the continuing decline in the cost of living is reinforcing the real wage gain.

As a general matter, the undersigned agrees with the arbitral "school" that holds that cost of living factors should not be controlling in the face of strong and clearcut wage settlement patterns. Never-the-less, the Arbitrator also believes that given its present level of change cost of living criteria should not be excluded entirely from consideration herein. Therefore, the Arbitrator concludes that on this factor the Board's offer is more reasonable.

Ability to Pay and the Public Interest

There is no disagreement between the Parties with regard to the District's ability to pay. The Association has sought to demonstrate that the District can afford to pay the Association's final offer and the Board has not denied this. Rather the contentions of the two sides have focused on a consideration of the public interest. The Board argues that it is necessary to balance the employee's interest with that of the public and

citing both arbitral authority and economic facts urges the Arbitrator to find the Association's offer excessive.

The Association counters that only a small portion of income in Adams County is generated in the farm sector, that property values including farm related property are increasing and that equalized value is also comparatively high.

The Arbitrator has examined the record and finds that while unemployment is higher for Adams than the average for the State other economic indicators do not support a finding that either final offer is not in the public interest. The Board provides no localized economic data including that which would indicate the economic circumstances of Adams-Friendship School District is any different from that of comparable school districts. In this regard, therefore, the Association's position stands un rebutted and both offers would be consistent with the public interest and the District's ability to pay.

Summary

Analysis of the prevailing settlement patterns carried out above support the Board's position as more reasonable. Moreover, this finding is supported also by cost of living criteria.

In light of the above discussion and after careful consideration of the statutory criteria enumerated in Section 111.70 (4)(cm)7 Wis. Stat. the undersigned concludes that the Board's final offer is to be preferred and on the basis of such finding renders the following:

AWARD

The final offer of the Board together with prior stipulations shall be incorporated into the Collective Bargaining Agreement for the period beginning July 1, 1985 and extending through June 30, 1986.

Dated at Madison, Wisconsin this 2nd day of January, 1987.



Richard Ulric Miller, Arbitrator

APPENDIX A AFEA FINAL OFFER

	BA	BA +6	BA +12	BA +18	BA +24	BA +30	MA	MA +12	Ma+24
BASE	14890	15090	15290	15490	15690	15890	16390	16890	17390
1	15515	15715	15935	16135	16355	16555	17075	17575	18075
2	16140	16340	16580	16780	17020	17220	17760	18260	18760
3	16765	16965	17225	17425	17685	17885	18445	18945	19445
4	17390	17590	17870	18070	18350	18550	19130	19630	20130
5	18015	18215	18515	18715	19015	19215	19815	20315	20815
6	18640	18840	19160	19360	19680	19880	20500	21000	21500
7	19265	19465	19805	20005	20345	20545	21185	21685	22185
8	19890	20090	20450	20650	21010	21210	21870	22370	22870
9	20515	20715	21095	21295	21675	21875	22555	23055	23555
10	21140	21340	21740	21940	22340	22540	23240	23740	24240
11	21765	21965	22385	22585	23005	23205	23925	24425	24925
12	22590	22790	23230	23430	23870	24070	24810	25310	25810
13	*****	*****	24075	24275	24735	24935	25695	26195	26695
14	*****	*****	*****	*****	25600	25800	26580	27080	27580
15	*****	*****	*****	*****	*****	*****	27465	27965	28465

APPENDIX B AFA DISTRICT FINAL OFFER

BA	BA+6	BA+12	BA+18	BA+24	BA+30	MA	MA+12	MA+24	
6	15200	15332	15464	15597	15729	15863	16392	16921	17450
7	15729	15863	16000	16132	16270	16402	16937	17466	17995
8	16259	16392	16535	16667	16810	16942	17483	18012	18541
9	16788	16921	17070	17202	17351	17483	18029	18558	19087
10	17319	17451	17605	17737	17890	18023	18574	19103	19649
11	17848	17980	18140	18272	18430	18564	19119	19649	20195
12	18378	18511	18675	18807	18971	19103	19664	20195	20740
13	18907	19040	19210	19342	19511	19643	20210	20740	21286
14	19543	19675	19850	19982	20157	20289	20862	21391	21937
15	20178	20310	20491	20623	20803	20936	21513	22043	22587
16	20813	20946	21131	21265	21449	21582	22165	22694	23238
17	21449	21582	21772	21905	22096	22228	22815	23346	23888
18	22297	22429	22625	22757	22954	23086	23679	24209	24539
19		23478	23610	23812	23945	24542	25072	25402	25402
20			24670	24802	25405	26269	26799	27129	27129
21			2549777	85-86					
22			2358079	84-85					
23			191698	diff.					
24			0	% diff					
25	609298	615263	338185	189023	183427	136873	376994	100714	exten con
26	154078	355726	35209	35474	16270	18023	36057	22043	dept head
27	42897	43165	18675	18272	18971	19643	19119	25072	principal
28	62440	41891	19850	21265	17335	99207	20210	53598	longivity
29	20178	60931	20491	94441	32173		21513		ex. curr
30	29314	19675	21772	19571	98678		22815		total
31	37815	47599	22625				47357		soc.sec 1
32	82702	46276	199562				49084		strser 1
33	8924						131343		strsee 1
34	86594						29496		health 1
35	33577								ltd
36	48778								total 33

16 8/10
8.1/10

80/10
2102 05 / Tch

85-86 3333824
84-85 3084642
diff 249182
% diff 0

	salary	Longevity	Extended	Depart head	Princ	Extra-Curr	Soc Sec	Strser	strsee	Health	L
Albrecht B	23679	n/a		0	0	On/a		1657	1421	1340	2022
Albrecht R	16788										
Babcock E	22297										
Babler W	18378										
Baumgart	23478										
Becker	18643						0	0			
Becker KT	17825										

K & L
3/10/86