

STATE OF WISCONSIN
BEFORE THE ARBITRATOR

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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of the Petition of

NORWALK-ONTARIO
EDUCATION ASSOCIATION

To Initiate Mediation-Arbitration
Between Said Petitioner and

NORWALK-ONTARIO SCHOOL DISTRICT

Case 5
No. 36377
MED/ARB-3797
Decision No. 23451-A

APPEARANCES:

Barry Forbes, Wisconsin Association of School Boards, Inc., on behalf of the District

Gerald Roethel, Coulee Region United Educators, on behalf of the Association

On May 1, 1986 the Wisconsin Employment Relations Commission appointed the undersigned Mediator-Arbitrator pursuant to Section 111.70(4)(cm) 6b of the Municipal Employment Relations Act in the dispute existing between the above named parties. Pursuant to statutory responsibilities the undersigned conducted a mediation session on May 27, 1986 which did not result in resolution of the dispute. The matter was thereafter presented to the undersigned in an arbitration hearing conducted on June 3, 1986 for final and binding determination. Post hearing exhibits and briefs were filed by the parties which were exchanged by July 30, 1986. Based upon a review of the foregoing record, and utilizing the criteria set forth in Section 111.70(4)(cm) Wis Stats, the undersigned renders the following arbitration award.

ISSUES.

Three issues are in dispute for the parties' 1985-86 agreement: the salary schedule, longevity, and the LTD monthly contribution level.

The Association proposes a base of \$15,460 while the Board proposes one of \$15,325.

The Association proposes increasing the increment and lane differentials from \$400 to \$560. The Board proposes no change in this regard.

The Association proposes a \$200 longevity payment for each teacher who was at the top of the salary schedule in 1984-85. The District proposes no longevity payment, which is a continuation of the status quo.

The Association proposal would result in an average of about a \$2,200 increase in salary per teacher, while the Board's proposal would result in an average salary increase somewhat in excess of approximately \$1,225 per teacher. The total package proposed by the Association appears to be worth about an average increase of \$3,100 per teacher, while the Board's total package approximates \$1,940 per teacher.

The Association proposes increasing the maximum LTD insurance payment from \$8.00 to \$9.00 per month. The Board proposes continuation of the status quo on this issue.

BOARD POSITION:

At the time of hearing only four districts in both athletic conferences which the District participates in were settled for 1985-86. This group includes New Lisbon, which is inappropriate for comparison purposes due to the substantial increase in the school calendar agreed to by the parties in that District. Since the hearing, an arbitration decision was rendered involving the Cashton school district, however, that arbitrated settlement is also of little comparative value. In the Cashton arbitration decision the arbitrator indicated that the District's final offer was preferred on the salary issue; however, the arbitrator selected the Association's total final offer because of his disapproval of the Board's insurance proposal. In effect a comparable settlement pattern has not been sufficiently established to rely on same in this proceeding, which justifies giving greater weight to the interest and welfare of the public and other statutory criteria.

* At best, comparisons of the parties' final offers to settlements in comparable school districts are inconclusive.

Relatedly, a benchmark analysis would be inappropriate in any case given the size of the health insurance cost increase the District incurred between 1984-85 and 1985-86.

Because of these unusual insurance cost increases, a more appropriate basis of comparison should be made of total package cost increases. Such a comparison clearly supports the reasonableness of the Board's offer.

Furthermore, private sector comparisons also support the reasonableness of the Board's offer.

Since the proposed increase in both party's offers far exceed cost-of-living increases, this factor also supports selection of the Board's offer. In this regard, a number of recent arbitration decisions have given weight to changes in the consumer price index independent of settlement data.¹

The Association's longevity proposal constitutes a change in the contractual status quo, and it is well established that those proposing such changes have a heavy burden in order to justify the need for such change.² In the instant circumstances three of the five settled districts proposed by the Association do not have longevity. Thus comparability, provides no justification for the Association's longevity proposal.

There is also no justification for the Association's proposed increase in the increment and lane differentials. In fact, the District already has the largest increments and lane differentials in the Athletic Conference.

The District's offer will increase costs by over \$71,000 or 7.78%, while the Association's will increase costs by over \$114,000 or 12.48%. This difference

¹ Citations omitted

² Citations omitted

of approximately \$43,000 represents the potential property tax savings or increases inherent in the choice of one party's final offer over the other.

The record clearly establishes that the taxpayers of the District face serious economic problems. In addition, the District has fewer pupils than any of the other schools in the Scenic Bluffs Athletic Conference. Furthermore, the equalized value of property in the District per average daily membership is the second lowest in the Athletic Conference. The combination of these two factors clearly indicates that there is a low amount of property to be taxed in the District. The foregoing makes the \$43,000 difference between the parties more significant.

It is also necessary to consider the economic conditions of the farmers in the District, particularly since the vast majority of property in the District is rural and it cannot be disputed that farming is a very important economic activity in the District. The record makes it abundantly clear that significant numbers among this population are hurting economically.

The \$43,000 difference between the parties' can be used to provide property tax relief if the District's final offer is chosen. Such relief to the farmers in the District is imperative.

The record also demonstrates that the taxpayers in the District are experiencing greater economic hardship than is the case in comparable districts. This is reflected in the fact that property tax delinquencies in Monroe and Vernon Counties are substantially greater than in surrounding counties.

Even though some comparable districts may have greater poverty problems than the District, the record indicates that those districts pay their teachers less than the District's offer in this proceeding. Relatedly, those districts which have settled for higher salaries than those in the Board's offer are experiencing less poverty in their districts than is the case in Norwalk -
VILLAGE

The overriding issue in this matter is the public's ability to pay, given the decline in farm incomes over the past years. This criterion must be given more weight, or at least as much weight, as the comparability criterion in deciding this matter.

In 1984-85 the Association won the arbitration even though the arbitrator noted that the Association's proposal was "somewhat excessive at some points on the salary schedule." The taxpayers in the District deserve the benefit of the doubt in 1985-86, even if the arbitrator finds that the District's final offer is lower than what he might otherwise prefer.

ASSOCIATION POSITION:

The appropriate comparables to utilize herein are the districts in the two athletic conferences in which the District participates. Since a sufficient number of schools in said conferences are settled for 1985-86, no expansion of comparables is necessary.

In response to the District's contentions herein, the New Lisbon settlement is comparable for 1985-86 since additional days on the school calendar will not be added until 1986-87. The Cashton arbitrated settlement should also be

considered since the bottom line in that District was that the Association's offer was awarded by the arbitrator.

There is also no appreciable difference in the size of these proposed comparable districts, and therefore, the District's arguments in this regard are without merit.

The differences in equalized value per student among the comparable districts is also misplaced in that the lower the equalized value the higher the state aid will be for a given district.

The District's arguments regarding relative unemployment levels in comparable districts also does not significantly distinguish said districts in terms of the economic problems district residents are experiencing.

Furthermore, 255 districts across the State have also settled for 1985-86 at rates incredibly far ahead of the District.

The Association's salary proposal is clearly the more comparable of the two on the basis of benchmark salary and increase comparisons. When average comparable salary increases are compared, the Association's proposal is within the range of settlements, while the District's proposal is not.

In addition, the settlement pattern also supports the comparability of the Association's proposed changes in increments and lane differentials.

Furthermore, arbitrators have long recognized that the settlement pattern is the most appropriate measure of the impact of the cost-of-living, and the same should hold true today.

Although the cost of health insurance went up in 1985-86, the District still pays less for such insurance than most of its comparables. Furthermore and relatedly, five other conference districts provide dental insurance, which this District does not. Six provide life insurance coverage. The District also does not. Based upon all of these considerations, and since the insurance protection provided by the District is not expensive, and the Association's salary proposal is within the settlement pattern, the Association's offer should be selected.

Also significant is the fact that the Association's salary proposal treats career teachers more equitably. The District's proposal does not.

The issue before the arbitrator is not one of inability to pay, but instead is one involving lack of willingness to pay. In fact, the District's levy rate is relatively low among the District's comparables. Furthermore, the District's fund balance was and is projected to be in excess of \$400,000.

It is also significant that the District's 1985-86 levy has already been issued and collected. Thus, the outcome of this proceeding will not affect the District's tax levy.

The record also indicates that the state of the economy in the District is no different than that which exists in comparable school districts. The Board has failed to demonstrate that the state of the economy in the District is less favorable than economic conditions in comparable districts.

In 1984-85 nine out of fifteen comparable districts had longevity payments. Of these, five had one time payments similar to the one the Association is proposing. Thus, the Association's proposal, which clearly falls within the limits of these five districts' longevity provisions, is supported by comparability and should be awarded.

The total difference between the parties' LTD proposal is only \$348, a relatively insignificant amount. Furthermore, even under the Association's proposal 26 people in the unit will continue to pay part of their LTD contribution. The limited cost of this improved benefit, the normally fully funded employer cost, and the lack of any dental insurance, vision insurance, or tax sheltered annuity for the District's teachers provides justification for the Association's LTD proposal.

DISCUSSION

On the comparability issue the undersigned believes that the five settled athletic conference districts do constitute an appropriate set of comparables to utilize in this proceeding. In this regard it is the undersigned's opinion that both New Lisbon and Cashton are appropriate comparables to utilize in this grouping since the New Lisbon settlement does not reflect any substantial increase in the length of the school calendar for 1985-86, and since the Cashton schedule, though not preferred by the arbitrator, was ultimately awarded, and thus reflects the salaries placed in effect in that district for the school year at issue herein. Relatedly, the undersigned does not believe that the record demonstrates that the foregoing group of comparables are significantly distinguishable from the District either in terms of their size or in terms of the state of the economy in which they are located, particularly when state aids are factored into an analysis of their relative comparability.

Utilizing the foregoing set of comparables the following conclusions can be drawn

Essentially, both final offers are significantly out of line with the emerging settlement pattern among the District's comparables, particularly when the parties' total package final offers are analyzed.

On the salary schedule issue, the actual salaries proposed by both parties throughout most of the schedule would result in relatively high rankings for the District vis a vis the District's comparables. An exception to this conclusion exists at the schedule maximum, where the District's proposal would result in salaries which are about \$700 below the next lowest District and which are about \$1700 below the comparable average.

When proposed increases are compared, clearly the Association's offer is significantly more comparable than the District's. However, it must be noted that the Association's salary proposal in this regard is consistently higher, with the exception of the BA base, than the comparable average, and in the undersigned's opinion, this fact detracts from its acceptability, particularly when the proposal is considered in the context of other statutory factors. While a good case can be made for larger than average increases for teachers whose salaries are appreciably below the range of comparable salaries, no such justification exists where, as here, significant numbers of teachers on the schedule already earn above average salaries when they are compared with teachers in comparable districts.

When average salary increases are compared, again the Association's proposal is significantly more comparable than the District's. However, again in this regard there appears to be little justification in the instant circumstances for the Association's request for approximately \$200 more per teacher than the comparable settlement average.

In light of the foregoing considerations the undersigned believes it is also important to compare the value of the total package proposed by the parties with the total package settlements in comparable districts. When such a comparison is made, concededly upon relatively unreliable data, it would appear that the range of comparable settlements falls between about \$2250 to about \$2620 per teacher, with an average comparable settlement amounting to approximately \$2450 per teacher. When the parties' total package final offers are compared with these figures, it would appear that the District's total final offer, though low and out of line with the comparables, is less out of line than the Association's total final offer, which exceeds the comparable average by about \$650 per teacher. In this regard the undersigned has calculated the District's final offer to be about \$510 per teacher below the comparable average. It should be pointed out that these figures do include the substantial increase in health insurance costs the District experienced in 1985-86, since, in the undersigned's opinion, such increased costs reflect not only legitimate costs to the District, but legitimate increased earnings for the unit employees who receive such insurance benefits as well.

As indicated above, in the undersigned's opinion all of the foregoing data indicates that both parties have taken somewhat unreasonable positions in this proceeding, and therefore, the undersigned is forced to select between two relatively unreasonable positions. In making that choice, the undersigned is of the opinion that a number of other considerations support the selection of the District's final offer over the Association's. Those considerations include the fact that only five of sixteen athletic conference districts have settled for 1985-86, and therefore, it cannot be said that what appears to be an emerging settlement pattern among said districts reflects a pattern covering even a bare majority of said districts. With eleven conference settlements still outstanding, it cannot be said with certainty that the final settlement pattern will necessarily reflect what has occurred in the first five settlements in the conferences.

Furthermore, other statutory criteria such as relevant cost of living increases, the level of settlements that are occurring in other types of public and private sector employment relationships, and not unimportantly, the economic and political environment that exists in rural districts, many of whose residents have been adversely affected by the troubled farm economy, all support the reasonableness of restrained public spending, particularly where such spending is funded, at least in part, by reliance on property tax levies. Although it must be conceded that the outcome of the instant dispute will not affect the District's 1985-86 levy rate, it cannot be disputed that future District spending, as well as levy rates, will also be affected by same.


Thus, based upon all of the foregoing considerations, and also based upon the fact that the LTD contribution dispute is not sufficiently significant to affect the outcome of the dispute, the undersigned concludes that because the District's total final offer is less unreasonable than the Association's, it should be incorporated into the parties' 1985-86 collective bargaining agreement.

Accordingly, the undersigned hereby renders the following:

ARBITRATION AWARD

The Board's final offer shall be incorporated into the parties' 1985-1986 collective bargaining agreement.

Dated this 27th day of August, 1986 at Madison, Wisconsin


Byron Yaffe
Arbitrator