

DEC 18 1986

EDWARD B. KRINSKY, MEDIATOR-ARBITRATOR

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of Mediation-Arbitration :
 Between :
 :
 JOINT SCHOOL DISTRICT NO. 2, :
 CITY OF SUN PRAIRIE, ET AL. :
 :
 and :
 :
 SUN PRAIRIE EDUCATION ASSOCIATION :
 :

Appearances:

Mulcahy & Wherry, S.C., Attorneys at Law, by
Mr. John T. Coughlin, for the District.
 Capital Area UniServ-North, by Mr. A. Phillip
Borkenhagen, for the Association.

On March 26, 1986, the Wisconsin Employment Relations Commission appointed the undersigned as mediator-arbitrator in a dispute involving the above-captioned parties, "pursuant to a voluntary impasse procedure." In accordance with the provisions of Section 111.70(4)(cm)6.b. citizens of the school district petitioned for a public hearing.

On July 1, 1986, the undersigned met with the parties at Sun Prairie, Wisconsin, for the purpose of attempting to mediate the dispute. Prior to the start of mediation a public hearing was held at which one citizen chose to speak. Mediation was then attempted for several hours, but was unsuccessful. The parties thereafter opted to dispense with an arbitration hearing. Instead they agreed to exchange exhibits, and then briefs. The record in this case was completed on October 18, 1986, with the receipt by the arbitrator of the parties' post-hearing briefs.

The dispute involves one issue. At Article XXXI (D) of their Agreement the parties have the following language:

The average salary for the bargaining unit for 1985-86 will be a guaranteed _____ as set forth herein.* The average salary for the bargaining

* The SPEA does not waive its right to grieve the application of this provision.

unit will include percent salary increment, lane changes, cost of living adjustment as provided herein, and a longevity factor of five percent (5.0%) for those employees off the salary schedule as defined in Appendix A-1. The average bargaining unit salary shall be determined by utilizing all personnel in the bargaining unit excluding terminations (terminations include retirees) and their replacements in the first year of the replacement's employment.

The _____ average guaranteed salary increase maximum for the bargaining unit may result in a ceiling on the cost of living adjustment factor; that is, should the cost of implementing the base salary increase, the salary increment, lane changes and longevity factor, combined with the COLA factor exceed the _____ average increase, no further adjustment in the COLA factor will be made.

Should the cost of living factor and salary schedule application result in a less than _____ average increase, no further adjustment in the COLA factor will be made, by virtue of the salary adjustment on the BA base, to achieve the _____ guaranteed average annual increase. Instead, an adjustment on the BA base will be made to accomplish the required guaranteed _____ increase.

The dispute in this case concerns what percentage figure shall be inserted in the blank spaces of the language quoted above. The District's final offer is that the figure be 6.0%. The Association's final offer is that the figure be 8.55%. In accordance with the statute, the arbitrator is required to select one or the other final offer in its entirety.

The arbitrator is directed by statute to consider various factors in making his decision. Several of these factors are not in dispute in this case: (a) lawful authority of the municipal employer; (b) stipulations of the parties; that part of (c) dealing with "the financial ability of the unit of government to meet the costs of any proposed settlement;" (g) changes in circumstances during the pendency of the arbitration.

Comparable School Districts

The first issue that must be dealt with is the question of comparison districts which will be used in this case. The parties have not agreed upon a list of those districts which

they regard as comparable, although there is considerable overlap in their respective lists. Both parties agree that the most comparable school districts are Middleton, Monona Grove, Oregon and Stoughton.

From a 1979 arbitration award between these parties, Beaver Dam, Fort Atkinson and Watertown were identified as comparable districts. The District includes these districts on its list. The Association does not. The arbitrator has reviewed the economic data presented by the parties about these districts and finds that they should be regarded as comparable districts.

The 1979 arbitration award also identified five districts as "least comparable." They are DeForest, Waunakee, Sauk Prairie, Lodi and Columbus. They are included by the District on its list in this case. The Association includes two of them, DeForest and Waunakee. The arbitrator has reviewed the data presented by the parties and finds that DeForest and Waunakee should be regarded as comparable districts. He has also included Sauk Prairie. He has not included Columbus or Lodi, nor has he included McFarland or Madison which the Association believes should be on the list of comparable districts.

The Interests and Welfare of the Public:

The statute directs the arbitrator to consider the interests and welfare of the public. The Association argues that teachers should be paid at appropriate wage levels and that by doing so the interests and welfare of the public are served. It views the District's offer as substandard, and one that will require larger increases in the future in order for it to remain competitive with other districts. There is a veteran staff of quality teachers, according to the Association, and the Association's offer will help assure the continuation of that situation.

The Association emphasizes that there is no claim of inability to pay the requested offer in this case. Moreover, the Association cites the District's relatively high tax base and equalized valuation, the very slight decline in equalized valuation in comparison to other districts, and the increase in state aids to the District. The Association also cites state and national studies calling for higher teacher salaries and estimating a coming shortage of teachers. The Association argues that the interests and welfare of the public will be better served in the long run by giving greater salary increases now in order to ease the transition to higher salaries.

The District does not claim an inability to pay. Rather, it points to the efforts already being made by taxpayers to support the District's offer and argues that it is not in the interests and welfare of the public to increase that burden further. Although there was an increase in state aids of over 14%, the District cites the fact that this is the second lowest rate of increase among the comparable districts. It cites the fact that the equalized value per member in the District is the lowest among the comparable group, and the instruction cost per pupil is second highest. The District also cites the fact that the tax levy was increased 17.23%, much higher than the average 11% among the comparable districts. The District argues that its offer is all the more reasonable when consideration is given to the wage increases in the area given to non-teaching employees in both the private and public sectors.

The arbitrator has considered the arguments of both parties with regard to the interests and welfare of the public. Both have merit. The arbitrator does not feel that either party's arguments are more persuasive than the other's. There is certainly a societal need for larger teacher increases, but the District should not be ordered by the arbitrator to do more in this regard than the comparable districts. By the same token, the financial support for education given by the taxpayers of the District is relatively high in comparison to the efforts made by taxpayers of the comparison districts. That burden should not be increased by the arbitrator unless what is being offered does not maintain the salary position of the District relative to the other districts. In the arbitrator's opinion there is no compelling reason in this case to favor either party's offer in terms of the interests and welfare of the public. The weighing of other factors, particularly salary comparisons, is an appropriate measure in this case of the interests and welfare of the public.

Comparisons:

The arbitrator is required to give weight to "comparison of wages, hours and conditions of employment" of the bargaining unit with the "wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same communities and in private employment in the same community and in comparable communities."

Salary comparisons are somewhat more difficult to make in this bargaining unit than in a more typical teacher bargaining unit because of the complex formula used by the parties for arriving at the salary schedule. Most districts negotiate a salary schedule for the year which is in effect

at the beginning of the school year. In Sun Prairie the amount of payment for the year is not finally determined until the end of the year. It is accomplished by a formula which takes many things into account.

As explained by the District in its brief:

The two unique features of the salary schedule . . . are the monthly salary adjustments made in response to increases in the Consumer Price Index and the unlimited application of the longevity factor . . .

The salary structure is set forth in the Agreement such that the teacher salary increase is expressed as a 'salary guarantee' which includes the following factors pursuant to Article XXXI:

1. Experience Increment
2. Lane Changes
3. Longevity Factor for people 'off schedule'
4. Monthly Cost of Living Adjustment
5. An end-of-year adjustment 'kicker' to achieve the guaranteed salary increase should 1 through 4 enumerated above result in an increase less than the guaranteed salary.

As explained by the Association in its brief:

. . . the compensation plan is like others, where step and lane increments are paid, base or other cellular increases are negotiated and perhaps longevity allowances are granted to those who qualify. And . . . a monthly cost-of-living allowance is generated . . . The difference between Sun Prairie and other districts is that the total amount of monies paid teachers in a contract year are negotiated by a maximum percentage, placed into Article XXXI, Section D. That amount is reduced by any COLA payout, longevity allowances granted, and step and lane increments paid. What's left is divided amongst the cells of the salary schedule. This is merely a reversal of how other districts compensate their teachers, whereby they implement several of these integral parts until a total compensation package is ascertained.

The parties have each produced salary comparison data at various benchmarks showing what will result for the ending 1985-86 school year salary schedule if each final offer is selected. They are able to ascertain the salary schedule

because the 1985-86 school year is completed and the only variable outstanding is the guarantee figure at issue in this case. The benchmarks which were selected by the arbitrator are: BA-min; BA+6-max; 1/ MA-min; MA-max including longevity; 2/ Schedule-max including longevity; BA+6-max without longevity; MA-max without longevity; and Schedule-max without longevity.

In the tables which follow, comparisons are made with two sets of districts. First is a comparison with the agreed-upon four most comparable districts. Second, comparison is made with the ten districts (including the four) which the arbitrator has determined are also appropriate for comparison purposes. The four districts are: Middleton, Monona Grove, Oregon and Stoughton. Those and the following six districts comprise the group of ten districts: Beaver Dam, DeForest, Fort Atkinson, Sauk Prairie, Watertown and Waunakee.

For each set, the arbitrator has calculated the median salary at each benchmark in 1984-85 and in 1985-86, has noted the percentage change, and has compared this percentage change to the percentage change which will result on the Sun Prairie schedule from the implementation of each final offer in this case. Where there is one figure "or" another indicated, this is as a result of uncertainty about which final offer in the Stoughton school district arbitration will be selected.

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- 1/ BA+6-max is used rather than the more traditional BA-max. This is because as explained by the District in its brief, "The collective bargaining agreement . . . requires that all bargaining unit members obtain a minimum of six credits of college training within four years after earning their Bachelors Degree in order to remain on the salary schedule . . . Therefore, the BA-max is really a 'phantom' maximum which is never really utilized by the District inasmuch as teachers, as a rule, will move to the BA+6 lane during the normal course of their first four years in Sun Prairie. This being the case, the arbitrator views BA+6-max as a better measure for comparison purposes than BA-max.
 - 2/ As explained above, the salary schedule in Sun Prairie is atypical in that it allows teachers to continue to be paid longevity increases without limiting the number of years of such payment. More than half of the bargaining unit is off-schedule on longevity, and therefore the number of teachers receiving such payments and the amounts paid are significant. It would not be realistic to compare maximum salaries without taking account of longevity payments. Thus, the maximums are shown both with and without longevity.

4-Most Comparable Districts	BA-min	BA+6-max including longevity*	MA-min	MA-max including longevity*	Sched-Max including longevity*
1984-85 median	14520	20943	16251	27503	29446
1985-86 median	15790	22626 or 22475	17704	29429 or 29235	31420 or 31308
% change	8.7	8.0 or 7.3	8.9	7.0 or 6.3	6.7 or 6.3
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Sun Prairie % change					
District offer	8.1	6.4	7.5	6.4	6.4
Association offer	13.9	6.4	12.9	6.4	6.4
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10 Comparable Districts					
1984-85 median	14555	20660	16302	27503	29387
1985-86 median	15710	22159	17587	29429 or 29235	31329 or 31182
% change	7.9	7.3	7.9	7.0 or 6.3	6.6 or 6.1

* In its brief, the Association challenges some of the calculations and assumptions used by the District in calculating longevity payments in other districts. The Association's arguments appear to have validity, but the Association did not substitute corrected figures. The arbitrator has used the District's figures. This is not significant, in the arbitrator's opinion, because whichever offer is implemented in this case, the parties agree on what figures will be implemented for those off-schedule (6.4%). It is not clear what effect these alleged errors would have on the figures shown for the other districts, but if anything the arbitrator believes they would make the increases lower than those shown for teachers in the other districts receiving longevity.

The data shown above include longevity payments. The data show that when compared to either the four most comparable school districts or to the ten comparable districts, the District's offer provides an increase which is closer than is the Association's offer to the median increases at the BA-min and MA-min columns. Both offers generate the same increase at the BA+6-max, MA-max and Schedule-max columns as a result of the longevity increases given by the agreed-upon formula and thus neither offer is preferable at those columns. Although the District's offer generates smaller increases than the comparison districts at some benchmarks, the increases generated by the Association's offer are far greater than the increases of the comparison districts at those benchmarks.

The arbitrator has done the same analysis for the BA+6-max, MA-max and Schedule-max without including longevity. Those data, shown below, also demonstrate that the District's offer is closer than is the Association's to the increases in the medians of the columns in the comparison districts. The District's offer generates greater increases at these bench-marks than do the comparison districts. The Association's proposed increases are much higher.

(See Chart on Page 9)

4-Most Comparable Districts	BA+6-max No longevity	MA-max No longevity	Sched-max No longevity
1984-85 median	20643	26847	29568
1985-86 median	22326 or 22175	28672	31579
% change	8.2 or 7.4	6.8	6.8
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Sun Prairie % change			
District offer	8.1	7.5	7.2
Association offer	13.9	12.9	12.5
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10 Comparable Districts			
1984-85 median	20510	25830	27921
1985-86 median	22009	27735	29581 or 29556
% change	7.3	7.4	5.9

In the following chart the arbitrator has compared Sun Prairie's ranking with each comparison set in 1984-85 and 1985-86 for each benchmark. Also, the dollar figure of Sun Prairie above or below () each median is shown in 1984-85, and how far above or below the median Sun Prairie will be in 1985-86 as a result of each final offer.

(See Chart on Page 10)

	Rank Compared to 4 Districts 84-85 / 85-86	\$ Compared to 4 Districts Median 84-85 / 85-86	Rank Compared to 10 Districts 84-85 / 85-86	\$ Compared to 10 Districts Median 84-85 / 85-86
BA-min	1 / 1	804 / Bd. 775 /Assn. 1661	2 / Bd. 3 /Assn. 1	769 / Bd. 855 /Assn. 1741
BA-6 max with longevity*	2 / 2	3572 / 3463 or 3614	2 / 3	3855 / 3930
MA-min	3 / Bd. 4 /Assn. 2	148 / Bd. (-75) /Assn. 811	5 / Bd. 6 /Assn. 4	97 / Bd. 42 /Assn. 928
MA-max with longevity*	2 / 2	2685 / 2696 or 2890	2 / 2	2685 / 2696 or 2890
Sched-max with longevity*	2 / 1	2126 / 2180 or 2292	3 / 2	2185 / 2271 or 2418
BA-6 max no longevity	2 / 1	1303 / Bd. 1400 or 1551 /Assn. 2664 or 2815	4 / 3	1436 / Bd. 1717 /Assn. 2981
MA-max no longevity	5 / Bd. 5 /Assn. 3	(-2167) / Bd. (-2141) /Assn. (-806)	10 / Bd. 10 /Assn. 5	(-1150) / Bd. (-1204) /Assn. (-131)
Sched-max no longevity	5 / Bd. 4 or 5 /Assn. 3	(-2602) / Bd. (-2673) /Assn. (-1268)	9 / Bd. 8 or 9 /Assn. 5	(-955) / Bd. (-675) or (-650) /Assn. 730 or 755

* For reasons explained in the preceding footnote, these figures may exaggerate the amounts by which Sun Prairie is shown to be above the median.

This table demonstrates that in comparison to the four most comparable districts, the rankings under either final offer stay the same at BA-min, BA+6-max with longevity, and MA+max with longevity. Under either offer there is an improvement in rank at Schedule-max with longevity and at BA+6-max without longevity. There may be improvement under either offer at Schedule-max without longevity, although the Association's improvement would be greater than the District's. At MA-max under the District's offer there is no improvement in ranking at the MA-max without longevity, while there is improvement under the Association's offer. At MA-min, there is a relative decline in the ranking under the District's offer, and a relative improvement under the Association's offer. Based on rankings, there seems to be little basis for preferring either offer when compared to the four most comparable districts.

In 1984-85 the District's dollar figure at each of these benchmarks was above the median of the four most comparable districts, with the exception of MA-max without longevity and Schedule-max without longevity where the District was far below the median. It is clear at each of the benchmarks that the District's offer maintains the dollar relationship to the median figures of the four most comparable districts to a much greater extent than does the Association's offer. The Association's offer, where it differs from the District's at BA-min, MA-min, BA+6-max with no longevity, MA-max with no longevity and Schedule-max with no longevity, substantially improves the bargaining unit's position with relationship to the median of the other districts.

The analysis is not essentially different when the comparison is made to the ten districts. The most striking difference is the large improvement in ranking produced by the Association's offer at the MA-max without longevity and at the Schedule-max without longevity, from 10 and 9, to 5, respectively.

It is the arbitrator's conclusion based on an analysis of these figures that the District's offer maintains the status quo more so than does the Association's offer in relationship to the comparison districts at the various benchmarks. The arbitrator is not persuaded by the Association that the relative improvements produced by its offer in rankings or dollars should be ordered by the arbitrator at this time. The District's offer, in effect, continues the teachers where they have been previously in relationship to teachers in the comparison districts.

The Association's brief emphasizes the fact that in most of the comparison districts the average increase given to returning teachers has been in excess of \$2,000. According to the Association, its offer for 1985-86 would increase the average returning teacher's salary by \$2,058, while the

District's offer would provide \$1,444 per returning teacher. It appears to the arbitrator that the average increase to returning teachers under the District's offer is relatively low because of the large number of teachers who are off schedule on longevity and whose salary increases are fixed by the parties' salary formula. In order to bring the overall average up to the \$2,000+ figure desired by the Association, the increases given to teachers on schedule must therefore be disproportionately high, thus accounting for the very large percentage increases on schedule generated by the Association's offer. Perhaps there is a need to change the longevity formula if there is a mutual desire of the parties to pay larger salary increases to the most senior teachers, and consequently higher average salary increases to everyone. The fact that the District's offer results in lower than average salary increases in relationship to the comparison districts is not sufficient justification for requiring the District to pay the Association's final offer, in the arbitrator's opinion. This is so especially where, as is shown above, the relative dollar increases paid by the District and the rankings compare favorably to what other districts have done at the benchmarks.

Based on the analysis of the benchmark data provided by the parties, the arbitrator favors the District's offer more than the Association's offer. The arbitrator does not mean to state thereby that it is necessarily right or fair that the salaries of the bargaining unit and the structure of the salary schedule continue to be where they are in relationship to the comparison districts. Through their bargaining over the years, however, the parties have attained the present position. The arbitrator is not persuaded by Association arguments that the relative position should be changed by the arbitrator at this time.

As noted above, statutory factor (d) also directs the arbitrator to consider "comparison . . . with other employees . . . in the same communities and in comparable communities." There are figures presented showing that the administrative staff of the District received increases of 8.19%, and when a catchup factor was added to make them more competitive, the total increase is 9.76%. It appears to be the case that in the past teacher increases have been greater than administrative increases, but nonetheless the arbitrator is not persuaded that there is justification for the District to give increases of almost 10% to its administrators while offering its teachers 6%. This comparison would favor the Association's offer.

The District presented data showing the increases given to city hall, public works and police employees in the City of Sun Prairie for 1986. These increases range from 3.9% to 5.6%. The District also presented wage data for the various bargaining units employed by Dane County. They received 4%

increases in 1985 and those which have settled for 1986 have received 3.5% increases. These comparisons with other public employees in the geographic area favor the District's offer.

The statute also directs the arbitrator to give weight to "comparisons . . . with other employees . . . in private employment in the same community and in comparable communities . . ." The District presented national data concerning wage settlements in private sector, which favor its offer. The District also introduced several area wage settlements which favor its offer. The Association presented data on various other professional occupations which show that teachers are paid less than many other professionals with similar educational backgrounds.

It is the arbitrator's opinion that the most meaningful comparisons are those with other employees performing similar work in comparable communities. That is, the best comparisons are with what comparable school districts are paying their teachers. All of those districts are surrounded by public and private employers, and there is no suggestion that this context is significantly different in Sun Prairie than in the comparable communities. A pattern of settlements of teacher salaries has emerged in these comparable districts which appears to be closer to the District's offer than to the Association's offer, and there is no persuasive reason advanced in this case for why the District should not keep its salary levels in relative relationship to what the comparable districts are paying.

The statute requires that the arbitrator give weight to (e) "the average consumer prices for goods and services, commonly known as the cost of living." If the cost of living were considered in isolation, the District's offer would be favored over the Association's based on the fact that there have been relatively very low increases in the cost of living indices, and the District's offer is closer to that increase than is the Association's. However, the parties to this dispute have a cost-of-living formula that is built into their determination of salaries. When the guaranteed salary at issue in this case is paid, that increase takes account of the cost-of-living increases that have been generated during the year. Thus, in the arbitrator's opinion, by agreeing about what is to be done concerning changes in the cost of living, the parties have removed those increases as an area of dispute and have built it into their formula. Therefore, the change in the cost of living does not favor either party's position.

The statute at factor (g) directs the arbitrator to look at the total compensation paid to the employees involved in this dispute. The parties have presented data showing how total compensation compares with that paid to teachers in the comparison districts. Having reviewed that data the

arbitrator is not persuaded that the teachers in this bargaining unit are either lacking or far ahead in overall compensation in non-salary items compared to teachers elsewhere. When salary is included, it is clear from the above analysis that the rankings are low relative to other districts at some benchmarks. That is an area that the parties should strive to improve through bargaining, but the arbitrator is not persuaded by the parties' arguments that he should order such adjustments at this time. The arbitrator does not view the overall compensation factor as one that favors either offer in this case.

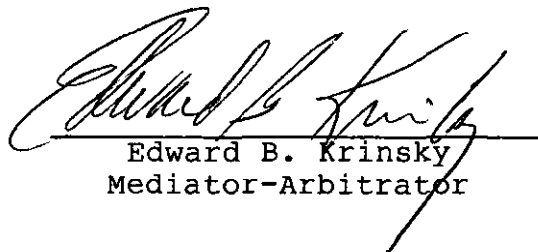
Statutory factor (h) directs the arbitrator to consider "such other factors not confined to the foregoing, which are normally or traditionally taken into consideration . . ." The arbitrator is not aware of any such factors at issue in this case beyond those discussed above.

Based on the above facts and discussion the arbitrator hereby makes the following

AWARD

The District's final offer is selected.

Dated at Madison, Wisconsin, this 10th day of December, 1986.


Edward B. Krinsky
Mediator-Arbitrator