

DEC 10 1986

STATE OF WISCONSIN

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

BEFORE THE MEDIATOR-ARBITRATOR

 In the Matter of a Mediation-Arbitration :
 between :
 ITHACA EDUCATION : Case 11 No. 35979
 ASSOCIATION : MED/ARB-3629
 and : Dec. No. 23522-A
 ITHACA SCHOOL DISTRICT :

Appearances:

Karl Monson, Consultant, Wisconsin Association of School Boards, appearing on behalf of the Ithaca School District.

Kenneth Pfile, Executive Director, South West Teachers United, WEAC, appearing on behalf of the Ithaca Education Association.

Arbitration Award

On May 5, 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 Ithaca Education Association, hereafter referred to as the Association, and the Ithaca School District, hereafter referred to as the District. An effort to mediate the dispute on July 16, 1986 failed. On July 17, 1986 a hearing was 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 August 26, 1986 and reply briefs were also exchanged on September 8, 1986.

Background

The District and the Association have been parties to a collective agreement the terms of which expired on June 30, 1985. On September 9, 1985 the parties exchanged initial proposals on matters to be included in a new collective bargaining agreement and thereafter met on two additional occasions. Failing to reach an accord, the Association filed a petition on November 7, 1985 with the Wisconsin Employment Relations Commission to initiate Mediation-Arbitration. After duly investigating the dispute, the WERC certified on April 16, 1986 that the parties were deadlocked and that an impasse existed.

Statutory Factors to be Considered

- a. The lawful authority of the municipal employer.
- b. Stipulations of the parties.
- c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- d. Comparisons of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings 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 community and in comparable communities and in private employment in the same community and comparable communities.

- e. The average consumer prices for goods and services, commonly known as the cost of living.
- f. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays, and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all benefits received.
- g. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- h. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration or otherwise between the parties in the public service or in private employment.

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 increase to \$14,925, an increase of \$1,175 over the BA base salary for 1984-85. In addition, the Association proposes increasing the amount of the horizontal increment between Bachelor's degree lanes from \$300 to \$350, and the amount between Master's degree lanes from \$325 to \$450. Finally, the Association proposes the addition of an MS+8 lane and an MS+16 lane. No change is proposed in the vertical increment or in the amount of longevity payments.

1985-86 Health Insurance Premiums

The Association proposes that the District pay the full dollar amount of the 1985-86 health insurance premium for both single and family coverage. In addition, The Association proposes the following language be added to Article XIV, BENEFITS, (A) Health Insurance:

" . . ., including the full amount of any front-end deductible that might arise as a result of a change in carrier."

The District's Final Offer

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

Salary Schedule

The BA base would increase to \$14,600 which is \$850 over the 1984-85 base salary. The District also proposes to add MS+8, MS+16 and MS+24 lanes. No change is proposed in the vertical or horizontal increments or in the amount of longevity payments.

1986-86 Health Insurance Premiums

The District proposes paying \$64.83 per month toward premiums for single coverage and \$190.14 per month towards premiums for family coverage.

Costing of the Parties' Respective Offers

1985-86 Final Offers

	<u>Association</u>	<u>District</u>
Salary Increase	*	*
Total Package Increase	10.89%	8.5%
Average Salary Increase Per Teacher	\$2,027	\$1,558
Average Package Increase Per Teacher	\$2,679	\$2,092

* No data submitted

The Issue of the 1985-86 Salary Schedule

The Comparables

The Ithaca School District is a member of the Ridges and Valleys Athletic Conference. With 397 students and approximately 30 teachers Ithaca is one of the smallest of the eight Districts which make up the Conference: Seneca, Wauzeka, North Crawford, Kickapoo, Weston, De Soto and La Farge. At the date of the hearing for the instant case only Seneca, North Crawford and La Farge had settled contracts for the 1985-86 school years. During the period of pendency the Wauzeka School District also settled.

Both parties have recognized the need to expand the set of comparables such that valid comparisons could be made. There is only minimal agreement, however, with regard to the districts which might be incorporated into a primary comparison group. Thus, for example, the District argues as one approach that a proper group would begin with the settled districts of the Conference and then drawing from CESA #3 on the basis of size and location add the following districts: Belmont, Benton, Blackhawk, Bloomington, Highland, Pecatonica and Cassville.

The District also contends that less weight should be given to those settled districts in which 1985-86 is the second year of two year contracts. On this basis the District would then exclude from its first comparable grouping Seneca and North Crawford leaving a smaller set with six districts. The District argues in support of this decision that for the two districts the greatest emphasis was placed on the second of the two years "thereby skewing the averages significantly higher than the other voluntarily settled schools."

On the other hand, the Association would add to those Ridges and Valleys Districts already settled by drawing schools from the Scenic Bluffs Conference. With regard to this point, the Association argues that as recently as 1978-79 the Scenic Bluffs and Ridges and Valleys Conferences were combined. Moreover, says the Association, many of the districts in the Scenic Bluffs Conference are located closer to Ithaca than are those suggested by the District. As a consequence, the Association's comparables set would include: Bangor, Cashton, La Farge, New Lisbon, North Crawford, Seneca and Wauzeka.

To resolve the dispute over the comparables the Arbitrator has applied the following principles. First, by determining the distance from the District to the farthest point in the Conference (De Soto) an arc has been drawn to establish the geographical limits for the set of comparables. As a consequence, the Districts of Bangor, Benton, Blackhawk and Cassville will be excluded.

Second, the Arbitrator accepts the District's contention that those districts in the second year of a two contract should be given less weight. As Arbitrator Yaffe points out (New Holstein, Decision No. 22898-A, March 18, 1986) parties to a multi-year agreement have greater discretion over such periods and improvements bargained therefore must be viewed in the context of the full multi-year bargain. Given the fact that other comparable districts are available the undersigned has therefore also chosen to omit North Crawford and Seneca.

Third, employing size criteria to those settled districts remaining within the arc it is possible to create a comparables set of the following eight schools: Belmont, Bloomington, Cashton, Highland, La Farge, New Lisbon and Wauzeka. The grouping ranges in size from 673 students (New Lisbon) to 304 students (La Farge) with an average of 440. The average for this group is slightly smaller than is true for the Ridges and Valleys Athletic Conference.

Application of the Comparables

The following tables present the Arbitrator's analysis of the Parties' offers for the 1985-86 salary schedule.

TABLE 1

Ranking of Ithaca School District
Seven Salary Benchmarks
Arbitrator's Comparables Set

N=8

	BA Base	BA+7	BA Max	MA Base	MA+10	MA MAX	Sch Max
1983-84	6	2	4	7	2	2	3
1984-85	2	2	2	4	1	1	2
1985-86							
Board	4	2	4	7	3	2	1
Assoc	2	2	3	3	1	1	1

TABLE 2

Deviation from Dollar Averages
Seven Salary Benchmarks
Arbitrator's Comparables Set

N=8

	BA Base	BA+7	BA MAX	MA Base	MA+10	MA Max	Sch Max
1984-85	+141	+793	+899	+70	+1264	+1853	+1276
1985-86							
Board	-147	+511	+594	-416	+769	+1310	+2173
Assoc	+178	+914	+1062	+184	+1585	+2262	+2971

TABLE 3

Dollar and Percent Increases
Seven Salary Benchmarks
Arbitrator's Comparables Set

1985-6 Over 1984-85

N=8

	BA Base	BA+7	BA MAX	MA Base	MA+10	MA Max	Sch Max

Comparables Set							
Dollar Ave	1138	1336	1530	1335	1651	1795	1878
Percent Inc	8.3	8.2	8.1	8.1	8.6	8.6	8.7
Board Offer							
Dollar Inc	850	1054	1224	850	1156	1292	2774
Percent Inc	6.2	6.2	6.2	5.7	5.7	5.7	12.2
Assoc Offer							
Dollar Inc	1175	1457	1692	1450	1972	2204	3572
Percent Inc	8.5	8.5	8.5	9.7	9.7	9.6	15.7

The salary benchmark analysis presented above reveals consistent results. First, in Table 1, the Association's offer causes no change in rank on four benchmarks, improves the position by one ranking on two benchmarks and drops the ranking by one position at a single benchmark. The District on the other hand, shows no change in one benchmark, improves the ranking on one benchmark and drops the position on five of the salary benchmarks.

Second, Table 2 which analyzes the deviation from the dollar averages of the comparables benchmarks reveals that the Association offer is closer the dollar differential which existed in 1984-85 on six of the seven benchmarks.

Finally, from Table 3 we see that the dollar and percent increases which result from the Association's salary offer are closer to those of the comparables in each case for six of the seven benchmarks. At this point, as a consequence of the analysis carried out above, it would have to be concluded that the Association's offer is to be preferred to that of the District. However, both Parties have raised additional arguments as well as other statutory criteria which must be considered before a final determination on the salary offers can be reached.

The Cost of Living Criterion

The Board calculates that during the period July 1, 1985 to June 17, 1986 the cost of living as measured by the Consumer Price Index of the U.S. Department Labor increased 0.7 percent. It then states that "it is obvious that the total increase offered by the School District (8.5% - See Board Exhibit No. 5a) is above that required to keep even with the Consumer Price Index. The Association's final offer can only be termed excessive and unjustified by comparison." In support of this position it quotes Arbitrator R.J. Miller (Winneconne Community School District, Decision No. 23202-A, June 24, 1986) to the effect that "the inflation rate must stand alone as a criterion in the statute without being diluted by the comparability factor. The arbitrator must give appropriate weight to this factor just as appropriate weight was given to the comparability criterion."

The general line of arbitral reasoning, Arbitrator R.J. Miller notwithstanding, to which the undersigned subscribes, is that the cost of living measure considered most significant is that established through the voluntary settlements of comparable school districts. This was true when inflation rates exceeded negotiated salary increases and is equally applicable in the current period of relative price stability. If the cost of living criterion, therefore, is to be weighted heavily then the record must contain evidence that inflationary pressures are significantly different within the Ithaca School District from that experienced by the comparable school districts we have considered here. The record, however, does not support this conclusion and therefore the cost of living criterion will not be determinative herein.

Ability to Pay and the Public Interest

The District argues strongly that this specific statutory criterion should be given overriding or at least equal weight to such criteria as comparability factors. In this regard, as a first point, the District states,

"While it is clear that the School District is not arguing an inability to pay concept, it is equally clear that Ithaca is a rural school district as compared with an urban school district like Madison or nearby LaCrosse and therefore, can argue a difficulty to pay concept."

In support of this position, the District cites: (1), the expansion of the national economy by only 4% in 1986; (2), a modest increase of the CPI of 3.8% in 1985 and a decline in prices in early 1986; (3) average weekly earnings for private nonfarm production and nonsupervisory workers will increase by only 1.2 %; (4), productivity will increase in the nonfarm business sector while there is no promise of productivity increases by the Association which would lower labor costs for the District; and a downward trend in agricultural prices in Wisconsin which reflects the economic circumstances of the rural school economy. The District concludes on this point by contending that the 8.5% wage and benefit increase it offers will provide a greater improvement for the District's teachers than most of its taxpayers can expect in the next several years.

Second, beyond the assertion of the District's difficulty to pay the Association's final offer the District also maintains that the statutory criterion requires that the general public interest and the District's employee interest must be reasonably balanced. Here the District cites what it characterizes as a growing "theme" among arbitrators to recognize the economic difficulties faced by taxpayers in districts like Ithaca. Important in this regard are the following awards: Burlington Area School District, (Arbitrator Zeidler, Decision No. 17135-A, 12/79); School District of Kewaskum, (Arbitrator Rothstein, Decision No. 19881-A, 8/82); New Holstein, (Arbitrator Yaffe, Decision No. 22898, 3/86); Wittenberg-Birnamwood School District, (Arbitrator Haferbecker, Decision No. 23130, 4/86); Fort Atkinson School District, (Arbitrator Krinsky, Med-Arb-3397, 6/86); Colby School District, (Arbitrator Kessler, Decision No. 23055, 5/86); and Evansville Community School District, (Arbitrator Grenig, Decision No. 22930-B, 4/86); among others.

The Association challenges the District's alleged difficulty to pay, contending that the District's financial condition is sound and that "the local tax burden is relatively low and growing lower." As evidence for this conclusion the Association introduces data which is intended to show that the District's per pupil cost is declining; is already among the lowest for CESA #3

districts; per pupil state aid is among the highest; while the levy rate is among the lowest of the CESA's districts. The Association concludes, "District taxpayers clearly pay proportionately less for local schools and receive a greater benefit from state-level funding than do most districts in either the IEA's or the District's set of comparables."

Second the Association also maintains that national trends among non-professional workers have little relevance for Wisconsin teachers given state provided equalization aid and property tax credits.

Third, the Association takes issue with the District's claim that a majority of the District's income is derived from agriculture. As a counterargument, the Association submits data drawn from the 1980 U.S. Census which indicates that only 1/3 of the District's residents' income is earned from agricultural activities and that farm income accounted for just 16.3% of all household income in the District.

Finally, the Association also takes issue with the position that the farm sector surrounding the District is in a depressed state. Indicative that it is not, argues the Association, can be gleaned from the Agricultural Finance Survey (3/86) published by the Wisconsin Department of Agriculture. Statistics contained therein would appear to show that farmers in Southwestern Wisconsin are substantially better off than their counterparts elsewhere in the state as measured by such factors as percent of farmers with loans, percent of loans current, assets to debt ratios, and average net income derived from farming and other pursuits. The Association concludes,

"In sum, while the farm economy generally may not be good, these survey results clearly show that farms and farmers in the Southwest Wisconsin reporting district are doing better financially than farmers generally in Wisconsin, and that Wisconsin fares better than most midwest farmbelt states."

Important in the arbitral decisions cited above appear to be such factors as the rate of farm foreclosures, the decline in farm real estate value, the necessity to increase tax rates in a district to maintain revenues, the lack of resources comparable to other districts in its athletic conference, the fact that local tax levies may be relatively high, or the documented existence of serious economic problems in and around the district in question. Thus, if a case is to be made on grounds of an alleged difficulty to pay the Party proposing that line of argument carries the burden to support the claim with evidence and fact.

Examination of the evidence in the record of the instant dispute, unrebutted by the District, largely supports the Association on this point. For example, as Table 4 below shows, the per pupil cost for the District is the lowest for its conference and is declining. In addition, the levy rate is also the lowest for the Ridges and Valleys Athletic Conference and is substantially below the Conference average.

TABLE 4

Ridges and Valleys Athletic Conference

1984-85 School District Data

School District	Per Pupil Cost (1983-84)	Per Pupil Cost (1984-85)	Levy Rate (1984-85)
La Farge	\$3624.02	\$3049.49	11.23
Wauzeka	\$3736.89	\$2970.44	11.14
De Soto	\$3770.70	\$3095.46	11.51
Kickapoo	\$3613.84	\$3125.00	11.65
Weston	\$4162.88	\$3519.58	13.96
North Crawford	\$3688.13	\$3054.23	10.89
Seneca	\$3722.60	\$3045.71	11.23
Conference Average (Excluding Ithaca)	\$3759.87	\$3122.84	11.66
Ithaca	\$3149.46	\$2761.38	10.18

Source: Board Exhibits 6 c, d.

With regard to the Wisconsin agricultural data placed in the record by the Association, as the District cautions, the Arbitrator has closely examined it. However, if these data, as the District also contends, cast doubt on the validity of the Association's conclusion concerning the farm economy in the District's geographical area this is not readily apparent. The District does not indicate in what way these data invalidate the Association's position. To the contrary, the data support the teachers' position. In the absence of the District's own evidence or analysis the Association's data must therefore be given predominant weight.

The Association cites Arbitrator Rice (District of Plum City, 4/85) as a final authority on the question of the proper balance between the public and the employee interest. It is relevant to repeat Arbitrator Rice's reasoning here:

"It is not in the interest and welfare of the public for an arbitrator to move in the opposite direction from the pattern established in the area through collective bargaining in the absence of an inability to pay on the part of the school district."

The 1985-86 Health Insurance Issue

The District has proposed that for 1985-86 it would pay the following amounts toward the monthly cost of the health insurance premiums: Single - \$64.83; Family - \$190.14. This would constitute approximately 90% of the total cost of the premiums in each instance.

The Association proposes that the Agreement be amended to read as follows:

ARTICLE XIV BENEFITS

(A) Health Insurance

The District will pay the full dollar amount of the premium for all members wishing a single insurance plan and the full dollar amount of the premium for all members wishing family insurance, including the full amount of any front-end

deductibles that might arise as a result of a change in carrier.

The current language of the Agreement states a specific amount to be paid by the District for single and family coverage and as well calls for the insurance to terminate at the end of the month in which the teacher's resignation is effective and accepted.

In 1984-85 through an addendum to the Agreement the District paid the dollar amounts of \$64.83 per month for single coverage and \$190.14 per month for family coverage. The amounts paid constituted 100% of the premium cost charged by the carrier, Wisconsin Physicians Service.

Given an increase for 1985-86 in the premiums to \$72.68 (Single) per month and \$213.15 (Family) per month the Board's proposal to keep unchanged the dollar amounts it currently pays would result in a payment by the teachers of \$7.85 and \$23.01 depending on the coverage taken.

In opposing the District's proposal the Association argues that Ithaca would be the only District in the Conference paying less than 100% for single coverage and nearly the lowest for family coverage. Further, contends the Association, health insurance is the sole insurance benefit enjoyed by the District's teachers. Unlike most of the other districts in the Conference Ithaca teachers lack paid dental, LTD and life insurance.

The District's position is that more than half of the districts require some contribution from their teachers. Moreover, asserts the District, the issue is quality of coverage or economy in maintaining the status quo. ". . . it was clear the teachers did not appreciate the value of this better quality coverage and the Board, therefore believed that if the teachers paid a small portion of the cost, their attitudes would change."

Evidence placed in the record by the Parties indicate that all conference districts now pay 100 percent of the single premium. Thus under the District's proposal Ithaca would be unique in its requirement that teachers pay some portion of the single coverage premium cost. In terms of family coverage, however, the picture is mixed with three of the five districts for which data is available requiring a contribution from the teachers. If the comparables set is expanded to include three of the CESA #3 districts used for the salary issue, Highland, Bloomington and Belmont the pattern becomes clearer. In each of the three added districts 100% of both single and family coverage is paid by the district. The pattern would therefore favor the Association's offer on the health insurance issue by a slight margin.

Summary

The analysis of the positions of the two Parties on the salary issue shows that the District's offer would result in the greater deviation in ranking, dollar and percent increases and dollar average differences from the patterns already established through the Ridges and Valleys Athletic Conference Schools and those additional districts incorporated into the Arbitrator's primary set of comparables. Therefore the Association's final offer for the salary structure for 1985-86 is to be preferred.

Second, while the differences are not great, the patterns established in the Conference and comparable districts indicate that the Association's position on health insurance is also to be preferred.