

RECEIVED

In the Matter of Final and Binding : MAR 10 1987

Final Offer Arbitration Between : WISCONSIN EMPLOYMENT

UNITED LAKEWOOD EDUCATORS : RELATIONS COMMISSION

and : AWARD

WATERTOWN UNIFIED SCHOOL DISTRICT : Decision No. 23909-A

WERC Case 23, No. 37069 MED/ARB 3913 :

I. NATURE OF PROCEEDINGS. This is a proceeding in final and binding final offer arbitration under Section 111.70 (4) cm 6 of the Municipal Employment Relations Act of the State of Wisconsin. The Watertown Unified School District on June 4, 1986, petitioned the Wisconsin Employment Relations Commission to initiate Mediation-Arbitration pursuant to the MER Act alleging that an impasse existed between it and the United Lakewood Educators over a collective bargaining agreement successor to an earlier one, expiring August 23, 1986. The Commission, after investigation by staff member William C. Houlihan, found that an impasse within the meaning of the Act existed and ordered Mediation-Arbitration on August 25, 1986. The parties having selected Frank P. Zeidler, Milwaukee, Wisconsin as mediator-arbitrator, the Commission appointed him on September 29, 1986. Thereafter mediation took place on November 10, 1986, but the impasse was not resolved. A hearing was then held on December 11, 1986, at the offices of the school district in Watertown, Wisconsin. Parties were given full opportunity to give testimony, present evidence and make arguments. Briefs were exchanged on January 29, 1987, and reply briefs on February 9, and 10, 1987.

II. APPEARANCES.

LARRY L. KELLEY, Staff Representative, United Lakewood Educators, appeared for the Teachers' Association

CLIFFORD B. BUELOW, Attorney, DAVID & KUELTHAU, S.C., appeared for the District.

III. FINAL OFFERS.

A. ULE Offer:

(See attached.)

PROPOSAL 8.

[BRACKET & BOLD] indicate deleted language. Underlines indicate new language.

Article IX. Personal Assignments & Related Policies F. & G. pp.24,25

F. Staff Reduction & Recall Procedure (Replace the current F. & G. with the following.)

1. The following procedure shall apply in the event the School Board reduces the number of employee positions or the hours of any position. The Board shall have the sole right to determine the position or positions to be eliminated or reduced in hours.
2. Notice of layoff or reduction in hours will be submitted to the affected teacher(s) by certified mail, return receipt requested, prior to May 15, of the school year preceding the school year that the layoff or reduction in hours is to take place and a copy will be sent to the ULE. However, the teacher(s) shall be granted an individual teaching contract contingent on the availability of work.

The only exception to the foregoing provision shall apply to a teacher with a limited term contract, who may be laid off by written notice at least ten (10) working days prior to the return of the teacher whose position is being filled by the limited term employee.

3. The selection of teachers to be laid off or reduced in hours shall be made according to the following steps.
 - a. Normal attrition will be relied upon to the extent it is administratively feasible.
 - b. The District will next seek volunteers for layoff in affected areas or grades. Any teacher who volunteers for layoff from affected areas or grades shall not be recalled from layoff for such contract year; but, following such year of layoff shall be reinstated to a position for which he/she is certified.
 - c. If steps 1 and 2 are insufficient to accomplish the determined reduction in staff, the least senior teacher teaching within the area and/or level at which the reduction is to occur will be laid off. The teacher so laid off shall replace a less senior teacher within his/her area(s) of certification. The most senior teachers who possess certification for positions in the district shall be retained.
4. Seniority shall be counted as the actual continuous time worked in the Watertown School District, (layoff and leaves shall count as continuing services, but seniority shall not accrue for layoff or leaves.)

Teachers shall not be permitted to bump out of their area(s) of certification as established by the Wisconsin Department of Public Instruction and seniority shall only apply within the area(s) of a

teacher's certification(s). If two (2) or more employees have accrued the same amount of work time seniority then the respective dates upon which the teacher employee signed the contract shall be used to establish their length of service; provided that, if there still remains two (2) or more employees subject to layoff selection who were offered employment on the same date, such selection shall be determined among such employees on a lottery basis.

5. For the purpose of this Article, "certification" means the Wisconsin Department of Public Instruction license held by the teacher on May 15 of any given year.

"Licensed" shall not include "Emergency Licenses" under Wis. Adm. Code P. I. 3.03(3). Provided, however that nothing in this section shall preclude the District from seeking emergency licenses for employees for purposes of avoiding the employee's layoff or for recalling such employee, so long as there are not certified individuals, either actively employed by the District or on layoff status who are available for the position.

6. The District will prepare a seniority list including all members in the bargaining unit as well as those on leave or on layoff. Teachers will be listed by certification information on record in the District Office, their work time accredited, and their date of hire. Five (5) copies of the seniority list will be provided to the ULE and one (1) copy will be posted on the Union Bulletin Board in each District building by October 15 of each school year. A failure to meet the posting or distribution deadline shall not operate to void any otherwise proper layoff decision.

7. There shall be no loss of seniority for bargaining unit employment purposes in the event of a layoff of three (3) years or less, but seniority and the employment relationship shall be broken and terminated if the teacher;

- a. resigns or quits;
- b. is discharged;
- c. fails to report to work within five (5) working days after termination of a leave of absence without prior excuse from the administration
- d. is retired;
- e. is on layoff for more than three (3) school years.

8. Reductions in staff or in hours in any staff position shall not be used for nonrenewal of individual contracts or to circumvent the other job security or discipline provisions of the Agreement. The provisions of this section do not otherwise affect the rights of the District regarding renewal or nonrenewal of contracts, discharge or discipline.

9. If a teacher who has been or will be laid off or reduced in hours wishes to contest such action, the teacher must file a written appeal to the superintendent within ten (10) working days after receiving final written notice of layoff. The layoff decision shall stand unless, in making the layoff determination, the superintendent or the Board acted in bad faith without fair and honest cause or reason in utilizing, and/or applying the procedures outlined in this Article.

10. Teachers who have been laid off or reduced in hours will be recalled to employment for vacancies that occur in their area(s) of certification. Reinstatement of the person recalled will reflect all credits for previous years of experience within the District for determining seniority and economic benefits. Such vacancies are to include part time and regular teaching assignments, replacement teaching, and new positions.

A teacher will be recalled in the inverse order of layoff for any position(s) for which he/she is certified. The District will recall persons by written notification (letter) mailed to the teacher's last known address, contained in the District's records, by registered mail, return receipt requested. It shall be the responsibility of each teacher on layoff to keep the District advised of his/her current whereabouts. Within ten (10) calendar days after a teacher receives a notice of recall to employment, he/she must advise the District in writing that he/she accepts the position offered by such notice and will be able to commence employment on the date specified therein. Any and all reemployment rights granted to a teacher on layoff shall be terminated upon such teacher's failure to accept within said ten (10) calendar days any position for which he/she is certified, offered to him/her by the District except as provided below.

11. A teacher may reject a recall offer within the ten (10) day period noted above and be retained on the recall list for subsequent years for the following reasons:

- a. is on voluntary layoff;
- b. has signed a work agreement with another school district for the duration of the school year;
- c. is offered employment at a rate of two-thirds (2/3) or less of previous employment;
- d. any good and valid reason.

12. During the three (3) years recall period, a teacher on layoff shall be allowed to participate in the group insurance plans then in affect at his/her own expense beginning September 1 of the year in which he/she is laid off provided that participation is permitted by the insurance carrier. Employees who are laid off shall remain eligible for inclusion in all of the District's group insurance policies, under the same terms and conditions as are applicable to all regular members of the bargaining unit, during the summer immediately

following the employee's notice.

13. Partially laid off employees, who were laid off from full time employment, shall have all rights and privileges of any other part-time employee.
14. If a laid off employee is recalled, such employees shall begin to accrue full seniority with the first workday on return.
Employees on full layoff shall retain the amount of sick leave they had accrued as of the date of layoff and if recalled shall begin to accrue sick leave.
15. No new or long term substitute appointment may be made while there are laid off teachers certified to fill vacancies unless the laid off teacher(s) has refused recall. Teachers laid off under this section shall have a letter placed in their personnel file indicating that the reason for layoff was not due to their personal teaching performance.

B. District Offer:

1. One Year Agreement
2. Base Salary \$17,506

IV. FACTORS TO BE CONSIDERED BY THE ARBITRATOR. Under Section 111.70 (4) (cm) 7 of the Wisconsin Statutes, the arbitrator shall give weight to the following factors:

- "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 settlements.
- "d. Comparison of wages, hours and considerations 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.
- "e. Comparison of the 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 generally in public employment in the same community and in comparable communities.
- "f. Comparison 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 in private employment in the same community and in comparable communities.
- "g. The average consumer prices of goods and services, commonly known as the cost-of-living.
- "h. 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, and continuity and stability of employment, and all other benefits received.
- "i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- "j. 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 the private employment."

The pattern of presentation here will include summaries of facts and information placed in evidence, summaries of the positions of the parties, and a discussion by the arbitrator how the facts and information relate to the factors to be weighed.

V. LAWFUL AUTHORITY. There is no question as to the lawful authority of the District to meet the terms of either offer.

VI. STIPULATION. The parties have stipulated to all other matters for a successor collective bargaining agreement.

VII. THE INTEREST AND WELFARE OF THE PUBLIC, AND THE FINANCIAL ABILITY OF THE UNIT OF GOVERNMENT. The matters of the interest and welfare of the public and the financial ability of the unit of government will be discussed in detail further after the specific terms of the offers are considered. In general, it is the contention of the District that it is not in the interests of the public to meet the financial costs imposed on the taxpayers by the Union offer.

VIII. COMPARABLES. In a previous arbitration case, this arbitrator determined a list of primary, secondary and tertiary comparable districts to the Watertown District. (WERC Watertown Unified School District, Case XX, No. 30307, MED/ARB-1892, 6/24/83). The arbitrator's judgment as to the school districts most comparable to the Watertown District as primary comparables were Oconomowoc, Beaver Dam, West Bend, Hamilton, Kettle Moraine, and Hartford U.H.S. None of these districts were settled at the time of the hearing in this matter (ULE Ex. 1). The arbitrator in that decision determined that the districts of Muskego, Mukwonago and Waupun were secondary comparables, and the districts of Jefferson, Fort Atkinson and Whitewater were tertiary districts. Of these secondary and tertiary districts, Muskego, Waupun, and Fort Atkinson have settled. Because of this set of facts, ULE drew a line to each of the outer districts to form a perimeter, roughly Muskego to West Bend to Beaver Dam to Whitewater, back to Muskego, and then included all school districts within this perimeter where settlements were made for the 1986-87 school year, including districts formerly considered as secondary. ULE also added the Muskego-Norway district as a comparable. The list of schools considered by ULE as comparables in the perimeter reduces to these:

- Elmbrook
- Fort Atkinson
- Menomonee Falls
- Muskego/Norway
- New Berlin
- Pewaukee
- Watertown ULE and Board
- Waukesha
- Waupun
- Whitewater

The District notes too that there have been no settlements among the districts previously determined by the arbitrator as comparables, and therefore the arbitrator must give greater weight to other factors he is required to consider. These are the secondary and tertiary comparables, the public interest, internal other public and private sector settlements/increases, and the cost-of-living.

The District argues that the arbitrator must also consider the status of negotiations in the primary districts, which districts include Beaver Dam, Hamilton, Hartford, Kettle Moraine, Oconomowoc and West Bend. The District makes reference for comparison purposes to the 1983 secondary and tertiary comparables of the arbitrator.

The following table on characteristics of districts considered as comparables by the parties is derived from District Exhibit 19:

TABLE I

SELECTED CHARACTERISTICS OF DISTRICTS USED AS COMPARABLES ⁽¹⁾

	<u>Pupils</u>	<u>Teacher FTE</u>	<u>Equalized Value/ Pupil</u>
<u>A. ULE List</u>			
Elmbrook	6,024	422.7	313,947
Fort Atkinson	2,266	145.4	153,560
Menomonee Falls	3,284	213.8	255,366
Muskego/Norway	3,307	207.7	142,068
New Berlin	4,187	335.5	219,750
Pewaukee	1,197	75.5	222,497
Watertown	3,068	198.3	176,769
Waukesha	11,847	719.2	171,281
Waupun	2,281	132.0	156,856
Whitewater	1,712	110.0	212,486

TABLE I - continued

	<u>Pupils</u>	<u>Teacher FTE</u>	<u>Equalized Value/ Pupil</u>
<u>B. District Primary List (1983 Arbitration)</u>			
Beaver Dam	2,909	175.0	164,557
Hamilton	2,604	174.3	164,656
Hartford UHS	1,610	90.3	402,890
Kettle Moraine	3,175	208.5	154,440
Oconomowoc	4,022	254.0	210,215
West Bend	5,860	357.2	153,965
<u>C. District Combined List of Secondary and Tertiary Comparables from 1983 Decision</u>			
Fort Atkinson	(See above)		
Lake Mills	1,024	68.7	
Muskego	(See above)		
Waupun	(See above)		
Whitewater	(See above)		

(1) Information from DX 19.

Summary of ULE Position. ULE, as stated earlier, bases its argument for the method of inclusion of districts within a perimeter set by districts described as secondary and tertiary in the 1983 decision, because none of the primary districts have settled. Only 3 of 12 districts described as relevant in 1983 have settled for 1986-1987. Some comparables are needed, and those within the perimeter of the outer districts are proposed. Also, the Muskego/Norway district is included, because it parallels the Watertown Unifed School District in enrollment, number of teachers, teachers per pupil, valuation per student, cost per student, state aids, and property tax levy.

ULE emphasizes the closeness of Muskego/Norway as being the one primary comparable, but says that Waupun and Whitewater, though they differ substantially from Watertown, offer a perspective of the measure of current voluntary settlements, and are a secondary group of comparison value. All the other districts have only a tertiary value.

Summary of the District Position. The District, noting that none of the six previously named primary comparables have settled, says that the arbitrator must give greater weight to secondary and tertiary comparables, the public interest, and settlements internally and in the public and private sector, and to the cost of living. However, also the prospective range of settlements in final offers among the primary comparables is critical here. The District vigorously opposes the inclusion of new districts which it mixes into the former secondary and tertiary districts. It contends that this was done because the ULE offer is weak in relation to the original secondary and tertiary group. The ULE has not met the burden of justifying the inclusion of these districts, and the arbitrator should continue to reject them as the original reason for rejection is valid.

The District notes that in his previous award, the arbitrator had an ambiguous position on Lake Mills when he included Lake Mills in his analysis while not expressly describing it as a comparable district. It would include Lake Mills as a comparable district, one more comparable than Elmbrook.

The District states that it opposes the ULE inclusion of other districts, because there are a sufficient number of settlements among the districts determined in 1983 as of secondary and tertiary comparison value. However assuming arguendo that ULE's proposal is considered, the group has been selected by a procedure contrary to the rules for selecting comparables: they all are on the Watertown side of a line between Muskego and West Bend.

The districts are heavily influenced by or within the Milwaukee metropolitan area. Waukesha is too large, and Elmbrook and New Berlin are significantly larger, and all are wealthier. Germantown, Menomonee Falls, and others are under the Milwaukee influence, and four districts are defendants in a Milwaukee school desegregation suit. ULE admitted in the 1983 arbitration that these districts were not comparable.

Further there is no need to include new comparables when the ULE layoff proposal is under consideration. The 1983 primary group has no one making changes on layoff and recall.

The District emphasizes however comparison of Watertown with Fort Atkinson, Muskego, Waupun and Whitewater, school districts termed as secondary or tertiary in 1983, but with 1986-87 settlements.

Discussion. A problem in determining the most reasonable groups of comparable districts presents itself here in view of the absence of any settlements in districts that this arbitrator had previously in 1983 considered as primary comparables. The parties present two alternatives for solution. The ULE solution is to include certain settled districts within a perimeter established by a line drawn to the outermost settled districts of the earlier secondary and tertiary districts, thus including new districts. It emphasizes however sole comparison with Muskego/Norway. The District presents two groups of comparables, the earlier secondary and tertiary comparables combined plus Lake Mills, and the original primary group in which case the final offers and their range are to be considered. Each choice has weaknesses.

From Table I, A, the ULE list, it can be seen that the size of districts varies considerably, and there is a preponderance of eastern Waukesha County districts. Table I, B presents the primary districts of the 1983 decision, but now there are no settlements, and so it would be speculation to some extent to determine the outcome by relying on final offers in these districts. It is the opinion of the arbitrator that reliance must now be placed primarily on the data of settled districts for determining a type of comparability for the Watertown offers; and then it will be useful to attempt judging how the Watertown offers might compare to the possible outcomes of final offers in districts earlier considered as primary. Absence of a sufficient number of settlements among 1983 declared primary districts leaves too big a vacuum of facts for making a considered judgment.

The matter of determining whether all of the settled districts should be used also requires consideration. Reviewing Table I, the arbitrator is of the opinion that the Elmbrook and Waukesha districts should be excluded because of large size. Lake Mills and Pewaukee because of much smaller size also should be excluded. The resulting comparable list now for this case will be these districts as settled districts most comparable in size:

Fort Atkinson
Menomonee Falls
Muskego/Norway
New Berlin
Waupun
Whitewater
Watertown

Where appropriate, the 1983 districts as primary will also be considered, and also the grouping of all districts will be reviewed for some aspects of the offers, since the parties referred to those districts themselves as comparable in certain ways.

IX. COST OF OFFERS. The District has costed the proposals in three ways. The first is by moving or "casting" the 1985-86 staff forward one step on the 1986-87 schedule. This is also the method used by ULE. The District says this method has limitations, because in 1986-87 the District significantly reduced staff.

The District also used a method of costing the salaries of only those teachers who were present in 1985-86 and are present now, the "returning teacher" method.

The District also used a method of analyzing costs by a "cast back" method of taking 1986-87 staff and casting them back to the 1985-86 salary levels.

The Union used two methods of calculating costs, forward method and the actual cost changes. The following table summarizes the information provided in District Exhibit 3 and ULE Exhibit D 8 (8).

The District in its comparisons is using principally the returning teacher method, which it has classified as method "II", and the cast back method which it has classified as method "III". The cast forward method is classified as method "I".

TABLE II
COSTS OF OFFERS CALCULATED BY VARIOUS METHODS
220.06 FTE

A. <u>District Calculations</u>	<u>ULE Offer</u>	<u>% Inc.</u>	<u>District Offer</u>	<u>% Inc.</u>
I. "Casting Forward"				
Base Salaries	6,349,892	8.66	6,261,898	7.16
Total Cost	8,460,806	8.36	8,352,604	6.97
Aver. Salary Inc.	2,300		1,900	
II. "Returning Teacher" (FTE 198.28)				
Base Salaries	5,726,387	8.72	5,647,033	7.22
Total Cost	7,670,177	8.37	7,572,600	6.99
Aver. Salary Inc.	2,317		1,917	
III. "Casting Back" ⁽¹⁾				
Base Salaries	5,985,762	9.06	5,902,813	7.55
Total Cost	7,995,384	8.34	7,893,387	6.96
Aver. Salary Inc.	2,372		1,977	
B. <u>ULE Calculations</u>				
I. "Casting Forward"				
Base Salaries	6,349,799	8.66	6,261,806	7.15
Total Cost	8,297,975	7.92	8,190,056	6.51
Aver. Salary Inc.	2,299		1,899	
II. "Actual to Actual" ⁽²⁾				
Base Salaries	6,015,360	2.94	5,932,002	0.15
Total Cost	7,874,900	2.41	7,775,555	1.12
Aver. Salary Inc.	2,141		1,744	

(1) Excluding Lane Changes.

(2) 209.62 FTE

It should be noted from the foregoing table that the "casting forward" method of calculation of costs by the parties produces the same results for percentage increases in base salaries and average teacher salary increase, but not in total package costs. An inspection of District Exhibit 3 shows it has included in salary costs items as "Appendix 3", substitutes, curriculum, lunch supervisor, and summer school costs on one of the exhibits which adds up to \$115,224 more for total costs. These items are not shown in ULE Exhibit D 8 (8).

In Table II, the casting forward method and returning teacher method of calculating cost changes produce nearly the same results. The arbitrator will then use the percentages and average salary costs in Table II, A, I for comparisons, especially because other districts usually use the same method of calculation. However the value of other methods will be reported and considered.

It should be noted that the "actual to actual" calculations represents the costs that the taxpayers will have to meet for the actual package which represents a smaller teaching staff.

Some additional information must be reported. Beside the fact that the District offer has included in its overall costs the summer school, Appendix 3, and other items above, the District holds that ULE used erroneous higher rates for retirement (WRS) and FICA. They overstated these costs for 1985-86 and thus also erroneously decreased the percentage cost of the increase for 1986-87.

The District says it also made a mistake in its original costing of dental and health insurance, because there was an increase in dental insurance in 1986-87.

The District says that if the mistakes are corrected for the ULE cast-forward method, the ULE results would be these:

	ULE Offer	% Inc.	District Offer	% Inc.
Base Salaries	6,349,799	8.66	6,261,806	7.16
Total Cost	8,315,706	8.5	8,208,019	7.1

The District, rounding off its percentage increases, states that the revised analysis of total costs for its three methods produces these results:

Method	District	ULE
I	7.0%	8.4%
II	7.0%	8.4%
III	7.0%	8.3%

The arbitrator accepts the District revision of the ULE cast forward method as a closer approximation of the total cost if that set of figures is used, but since this is at variance by 0.1% with the District's own cast-forward calculations, the District's own calculations will be used rather than the District's modification of the ULE calculation.

X. COMPARISON OF TEACHER SALARIES IN COMPARABLE DISTRICTS. The following table on "benchmark" positions is derived from exhibits ULE D, 3:

TABLE III

BENCHMARK STEPS OF COMPARABLE DISTRICTS AND WATERTOWN RANK

District	BA 1	Rank	BA 7	Rank	BA Max.	Rank	MA 1	Rank
Fort Atkinson	15,770		19,555		20,816		17,662	
Menomonee Falls	18,303		23,611		28,736		20,682	
Muskego	19,495		23,472		31,156		20,884	
New Berlin	18,410		23,645		30,905		20,620	
Waupun(1)	16,947		22,285		25,886		19,489	
Whitewater	17,561		21,713		23,147		19,281	
Watertown								
ULE	17,752	4	22,279	5	27,560	4	20,415	4
District	17,506	5	21,970	5	27,178	4	21,132	1

TABLE III - continued

<u>District</u>	<u>MA 10</u>	<u>Rank</u>	<u>MA MAX</u>	<u>Rank</u>	<u>Sched. Max.</u>	<u>Rank</u>
Fort Atkinson	24,286		27,124		30,752	
Menomonee Falls	29,651		34,410		36,606	
Muskego	29,275		35,795		38,990	
New Berlin	29,950		35,480		37,760	
Waupun ⁽¹⁾	26,988		30,589		32,496	
Whitewater	25,884		28,888		31,326	
Waterford						
ULE	28,227	4	31,699	4	34,804	4
District	27,886	4	31,260	4	34,322	4

(1) The accuracy of Waupun rates have been questioned by the District which contends that Waupun in the past has frozen increments.

ULE Exhibit D. 2 listed the rank of Watertown in benchmarks among 20 selected districts from 1981-82 to 1985-86. The following table is derived from this exhibit.

TABLE IV

RANK OF WATERTOWN IN BENCHMARKS AMONG 20 AREA DISTRICTS, 1981-82 AND 1985-86

<u>Step</u>	<u>1981-82</u>		<u>1985-86</u>
	<u>Per Exhibit</u>	<u>Adj. (1)</u>	
BA 1	5	8	14
BA 7	10	12	17
BA Max	9	11	12
MA 1	1	4	14
MA 10	7	7	15
MA Max	13	14	16
Sched. Max	13	13	16

(1) Adjusted downward by 1/191 in salary level. The District contends the parties contracted for such a cut in 1981-82.

Applying the same principle of ranking to the settled districts used here as comparables, one gets the following results, using the data in ULE Exhibit D. 2.

TABLE V

RANK OF WATERTOWN IN BENCHMARKS AMONG THE SEVEN MORE COMPARABLE SETTLED DISTRICTS, 1981-82 AND 1986-87 OFFERS

<u>Step</u>	<u>1981-82</u>		<u>1986-87</u>	
	<u>Per Exhibit</u>	<u>Adj. (1)</u>	<u>ULE</u>	<u>Dist.</u>
BA 1	3	3	4	5
BA 7	4	4	5	5
BA Max	4	4	4	4
MA 1	1	1	4	1
MA 10	3	3	4	4
MA Max	4	4	4	4
Sched. Max	4	4	4	4

(1) Adjusted downward by 1/191 in salary level.

In the 1983 decision, the districts considered as primary comparable by the arbitrator were Beaver Dam, Hamilton, Hartford, Kettle Moraine, Oconomowoc, West Bend with Watertown. From ULE Exhibit D. 2 the following ranking of Watertown from 1981-82 to 1986-87 with respect to these districts is obtained.

TABLE VI

RANK OF WATERTOWN IN BENCHMARKS AMONG SEVEN DISTRICTS, NOT SETTLED, BUT COMPARABLE

Benchmark	1981-82		1985-86
	ULE Ex. D2	Adj. (1)	
BA 1	2	3	7
BA 7	4	4	7
BA Max	2	4	5
MA 1	1	2	7
MA 10	1	1	7
MA Max	5	5	7
Sched. Max	5	5	7

(1) Adjusted downward 1/191 in salary level.

The following information is derived from ULE Exhibit D. 6.

TABLE VII

BENCHMARK DOLLAR AND PERCENTAGE INCREASES IN COMPARABLE SETTLED DISTRICTS, 1985-86 TO 1986-87

District	BA 1	% Inc.	BA 7	% Inc.	BA Max	% Inc.	MA 1	% Inc.
	Fort Atkinson	893	6.0	1108	6.0	1178	6.0	1000
Menomonee Falls	1095	6.3	1413	6.3	1719	6.3	1237	6.3
Muskego	1245	6.8	1499	6.8	1990	6.8	1334	6.8
New Berlin	2790	17.8	2980	14.4	1975	6.8	3965	23.8
Waupun	937	5.8	1192	5.8	1076	4.3	1398	7.7
Whitewater	1776	11.3	2046	10.4	1491	6.8	1917	11.0
Watertown								
ULE	1165	7.0	1462	7.0	1809	7.0	1340	7.0
District	919	5.5	1153	5.5	1427	5.5	1057	5.5
		% Inc.	MA Max	% Inc.	Sched. Max	% Inc.		
Fort Atkinson	1375	6.0	1536	6.0	1742	6.0		
Menomonee Falls	1774	6.3	2059	6.4	2190	6.3		
Muskego	1870	6.8	2286	6.8	2490	6.8		
New Berlin	4110	15.9	2265	6.8	2410	6.8		
Waupun	1773	7.2	1656	5.7	2763	9.3		
Whitewater	2363	10.0	1857	6.8	2015	6.9		
Watertown								
ULE	1852	7.0	2080	7.0	2284	7.0		
District	1461	5.5	1641	5.5	1802	5.5		

Information from ULE Exhibits 8 and 9 was abstracted to develop Table VIII-A.

TABLE VIII-A

AVERAGE SALARY & PACKAGE INCREASES, PERCENT INCREASES & WATERTOWN RANKING

District	Aver. Base Sal/Tchr	\$ Inc.	% Inc.	Aver. Total Sal/Tchr	\$ Inc.	% Inc.
Fort Atkinson	26,034	1,474	6.0	33,157	1,771	5.6
Menomonee Falls	32,219	2,103	7.0	40,565	2,364	6.2
Muskego	29,311	2,446	9.1	38,172	3,130	8.9
New Berlin	32,189	2,073(1)	6.9	42,817	2,568	6.4
Waupun	25,865	2,200	9.3	39,109(1)	2,937(1)	8.1(1)
Whitewater	27,077(2)	1,951(2)	7.8(2)	35,298	2,523	7.7
Watertown						
ULE	28,855	2,299	8.66	37,707	2,765	7.92
District	28,455	1,900	7.15	37,217	2,275	6.51
Watertown Rank						
ULE	4	2	3	5	3	3
District	4	6	4	5	5	3

(1) These calculations disputed by District.

(2) These data reported in ULE Ex. D. 9 as 25,126, 1,949, and 8.4%.

It should be noted that from District Exhibit 3, corrected, the following information presents information about Watertown at variance with the data on Watertown of ULE as presented above; thus:

TABLE VIII-B

	<u>Aver. Sal/ Teacher</u>	<u>\$ Inc.</u>	<u>% Inc.</u>	<u>Pckg. Inc.</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Watertown						
ULE	28,855	2,300	8.66	38,448	2,965	8.36
District	28,455	1,900	7.16	37,956	2,473	6.97
Watertown Rank						
ULE	4	2	3	4	3	3
District	4	6	4	5	4	3

The data from Table IX were taken from District Exhibit 5.

TABLE IX

1986-87 OFFERS OF PARTIES IN UNSETTLED EARLIER DESCRIBED PRIMARY DISTRICTS OF COMPARISON -
AVERAGE SALARY, DOLLAR INCREASE AND PERCENT INCREASE

	<u>Association</u>			<u>District</u>		
	<u>Aver. Sal.</u>	<u>\$ Inc.</u>	<u>% Inc.</u>	<u>Aver. Sal.</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Beaver Dam (1)		2,113	8.34		1,850	7.3
Hamilton	30,166	2,233	8.0	29,835	1,902	6.8
Hartford (2)	29,276	2,101	7.73	29,057	1,799	6.8
Kettle Moraine	27,469	2,289	9.1	27,090	1,910	7.6
Oconomowoc	NA					
West Bend		2,075	7.8		1,893	7.0
Average		2,162	8.0		1,871	6.7
Watertown						
I. "Casting Forward"		2,300	8.7		1,900	7.16
II. "Returning Teacher"		2,317	8.7		1,977	7.22
III. "Casting Back"		2,372	8.26		1,977	7.55

- (1) Data on this district given in District Brief, but District Ex. 5 is lacking in this information. Information from ULE Rebuttal Ex. H. 2 increases by cell adjustment, 6.35% for Association and 5.33% for District.
 (2) Information on Final Offers supplied by district on Feb. 11, 1987.

The succeeding table deals with differences in the total increments of changes from 1981-82 to 1986-87 of the districts used as comparables here. Thus if the total change at BA 1 from 1981-82 to 1986-87 amounted to a \$5,190 increase in New Berlin, and the District offer in Watertown will bring a change of \$4,556, the incremental difference for Watertown is - \$634. This information is derived from ULE Exhibit 6.

TABLE X

INCREMENTAL DIFFERENCES OF CHANGES IN BENCHMARK RELATIONS
 BETWEEN 1981-82 AND 1986-87 OF WATERTOWN
 WITH RESPECT TO COMPARABLE SETTLED DISTRICTS PER ULE EXHIBIT 3

<u>District</u>	<u>BA 1</u>		<u>BA 7</u>		<u>BA MAX</u>		<u>MA 1</u>		<u>MA 10</u>		<u>MA MAX</u>		<u>SCHED. MAX</u>	
	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>
Fort Atkinson	1082	836	1896	1587	2545	2163	1356	1073	1906	1565	1939	1500	1798	1316
Menomonee Falls	- 761	-1007	-1404	-1713	313	- 69	- 751	-1034	-1267	-1608	- 40	- 479	- 897	-1379
Muskego	-1453	-1899	-1660	-1969	- 666	-1048	-1397	-1680	-2060	-2400	- 934	-1373	- 836	-1318
New Berlin	- 388	- 634	-1228	-1537	-1170	-1552	- 293	- 567	-1430	-1771	-2302	-2741	-2106	-2588
Waupun	380	134	1896	1587	357	- 25	- 64	- 347	- 691	-1032	- 343	- 782	- 537	-1019
Whitewater	- 409	- 655	- 306	- 615	1143	761	99	- 184	308	- 33	835	396	1018	536

Note: If the above data are adjusted for a 1/191 salary decrease in Watertown salaries in 1981-82, the cells above would require the following changes: BA Step 1, add 64; BA Step 7, add 85; BA Maximum, add 105; MA Step 1, add 78; MA Step 10, add 108; MA Maximum, add 117; Schedule Maximum, add 133.

As to the daily rate that is implied in benchmark salaries, this chart shows work days (Dist. Ex. 5).

Beaver Dam	186	Mukwonago	187
Fort Atkinson	189	Muskego	186
Hamilton	186	Oconomowoc	189
Hartford	187	Waupun	186
Jefferson	188	West Bend	188
Kettle Moraine	186	Whitewater	185 (was 184)
Lake Mills	185	Watertown	190

The Board supplied data on certain Jefferson County school districts in District Exhibit 5. This chart gives some of the information on average salary increases in two districts:

Jefferson	\$1,870	7.97%
Lake Mills	1,744	7.1%

ULE POSITION SUMMARIZED. ULE notes that Watertown has declined from 3 to 14 places in benchmark rankings from 1981-82 to 1985-86 (using its list of comparisons). Also the rankings will be lower again in 1986-87 under the Board's offer. ULE also notes that Watertown which has substantially been ahead of Beaver Dam in 1981-82 will have fallen behind Beaver Dam in 1986-87 no matter whether the Board or Association offer in Beaver Dam is accepted. Watertown has suffered a real five year loss. ULE also contends that if the voluntary settlements in Muskego, Waupun and Whitewater are taken in 1985-86 and 1986-87 and averaged, Watertown under either of the offers of the parties in 1986-87 will have fallen with respect to these averages at all benchmarks except for the ULE offer at the BA benchmark. In any event, the ULE offer is much closer to the average at each benchmark. Similarly the ULE offer for the total package is closer to the average of these schools than the District offer. ULE challenges District Exhibit 5-60 in the average increase per teacher in the Muskego/Norway District. ULE contends that the average teacher received a \$2,446 increase on a cast-forward basis instead of \$2,100 as reported by Muskego, where the report was on an actual to actual basis.

ULE objects to the Employer's method of using other types of calculation than the "cast forward" method. It also terms the data supplied by the District as "hybrid". The ULE states that figures supplied by the District are erroneous. Thus (see Table IX) the average increase per teacher in the Muskego District was \$2,445 and not \$2,100 and in Hamilton \$2,250, not \$2,234.

ULE objects to the claim that the salary data for Fort Atkinson and Waupun be adjusted because of benefit changes. If this is the case, total package cost data is the valid basis of comparison, and ULE has provided total package costs. However, the law directs that wages and benefits be compared and not necessarily the amount of costs at the average. Variables in each district, such as medical expenses, are different. Thus the benchmark is the most valid basis for comparison.

The following table is derived from ULE Brief with respect to changes from 1981-82 between Watertown and Beaver Dam.

TABLE XI

DIFFERENCE OF WATERTOWN FROM BEAVER DAM
AT EQUIVALENT BENCHMARKS

Benchmark	1981-82
	Watertown Diff. (+ unless noted)
BA 1	400
BA 7	504
BA Max.	1159
MA 1	459
MA 10	641
MA Max.	722
Sched. Max.	1525

TABLE XI - continued

1986-87
WATERTOWN DISTRICT OFFER COMPARED TO
BEAVER DAM OFFERS

<u>Benchmark</u>	<u>BD Dist.</u>	<u>BD Assn.</u>
BA 1	-374	- 544
BA 7	-469	- 683
BA Max.	+179	- 78
MA 1	-430	- 626
MA 10	-591	- 862
MA Max.	-663	- 967
Sched. Max.	-723	-1056

1986-87
ULE OFFER COMPARED TO BEAVER DAM OFFERS

BA 1	-128	- 298
BA 7	-160	- 374
BA Max.	+561	+ 304
MA 1	-147	- 343
MA 10	-200	- 471
MA Max.	-224	- 528
Sched. Max.	-241	- 574

In its Exhibit D-9 and its Brief, ULE averaged the total package averages for teachers of ten districts including Watertown for 1985-86. It then averaged the 1986-87 total package averages for nine settled districts and compared these with Watertown. The following chart summarizes total package per teacher:

	<u>1985-86</u>	<u>1986-87</u>	<u>Watertown +/-</u>
Average of 10 Districts	34,866	37,381	
Watertown	34,942		+ 76
ULE Offer		37,708	+327
District Offer		37,217	-164

It followed the same procedure averaging Muskego, Waupun and Whitewater with this result:

	<u>1985-86</u>	<u>1986-87</u>	<u>Watertown +/-</u>
Average of 3 Districts	33,100	35,824	
Watertown	34,942		+1842
ULE Offer		37,708	+1884
District Offer		37,217	+1393

DISTRICT POSITION SUMMARIZED. The District notes that the ULE offer for Watertown will result in higher average salary increases and percentage increases with respect to final offers made in four districts considered earlier as primary comparables, Beaver Dam, Hamilton, Kettle Moraine and West Bend. The District offer more nearly conforms to the average salary increases and percentage increases. The District's offer is the more reasonable one, and ULE's offer is excessive, because it is 6% to 9% higher than that currently being proposed in final offers in the above named districts. Especially is this true in percentage increases when the offer of teacher associations is taken alone. The associations in the above districts average 8.3% increases and ULE is proposing an increase of 8.7% under returning teacher cost method and 9.15% under the cast-back method.

This increase in wages when taken with the layoff proposal of the ULE shows the offer is demonstrably excessive, since no other final offer of an association has joined such a critical language proposal with its offer.

The District refers to four settlements made among the former secondary and tertiary comparables - Muskego, Waupun, Fort Atkinson and Whitewater. Again the ULE offer is much higher in the average salary increase in the district and in percentage raise. The excessiveness of the ULE offer is especially shown in using the cast-back method of cost analysis, which shows that the District's offer exceeds the average salary increase in these districts by \$46 but the ULE offer exceeds it by \$441. Again the District's offer is only 0.1% below average, but the ULE offer is 1.4% above the average.

The District contends that also the Fort Atkinson wage increase must be adjusted to show that the teachers now work two extra days with a 189 day calendar now.

Similarly the Waupun salary increase must be adjusted, because the \$2,200 average salary increase at 9.3% reflects the inclusion of negotiations of health savings at \$170 per teacher which was included in the salary.

When these adjusted salary conditions are included and Muskego, Waupun, Fort Atkinson and Whitewater are averaged, the ULE difference on average salary increase is \$552 higher and 1.8% greater.

The District also produced charts which included Lake Mills where the average salary increase was \$1,745 with a 7.1% increase, and then included the adjusted Fort Atkinson and Waupun settlements. The ULE average difference under the cast-back method would come to \$567 more than the five districts mentioned, with a 1.9% higher increase.

The District strongly objects to the ULE use of five new districts, Elmbrook, New Berlin, Menomonee Falls, Pewaukee and Waukesha, and states that by mixing these in with settled former secondary and tertiary districts, the ULE has attempted to dilute the effect of these districts. The same reasons the arbitrator used in 1983 not to select these districts are still valid.

However, even using them produces a result of the ULE offer being considerably in advance of the districts when averaged under both the returning-teacher method and cast-back method of analysis. Under the former method the ULE offer is \$286 and 1.1% higher in average salary increase than the averages in the other districts. If the Lake Mills settlement is included in the cast-back method, the ULE offer is \$351 and 1.5% higher than the other districts' average.

The District focuses on the grouping of the 1983 described secondary and comparable districts, Fort Atkinson, Muskego, Waupun, and Whitewater.

Addressing Waupun, the District notes that 1986-87 is the second year of a two-year agreement. It holds that when the effect over a two-year period is considered, it will produce these results for the total increases:

<u>Method</u>	<u>Waupun</u>	<u>District</u>	<u>Diff.</u>	<u>ULE</u>	<u>Diff.</u>
II	\$4,182	\$4,018	-164	\$4,418	+236
III	4,182	4,078	- 18	4,473	+291

The District, however, states that the Waupun salary is overstated, because it includes money generated solely because of negotiated changes in health insurance. The amount so generated is \$170 per teacher and should be subtracted from the Waupun total for 1986-87, so the result is even more favorable to the District with the District having a net increase of \$66 more than Waupun and ULE a net increase of \$461, grossly excessive.

Applying the same principles to package cost, the results are:

<u>Method</u>	<u>Waupun</u>	<u>District</u>	<u>Diff.</u>	<u>ULE</u>	<u>Diff.</u>
II	\$5,141	\$5,297	156	\$5,790	649
III	5,141	5,252	111	5,738	597

As to Fort Atkinson, the District notes that it settled voluntarily in 1986-87 and therefore should be included in the analysis of comparables. The District notes that this District increased the number of its work days from 187 to 189 and that Whitewater increased its work days so that each of these districts' settlements should be proportionately reduced.

The District has concentrated its comparisons on the combined list of secondary and tertiary districts from the 1983 lists. The following information is derived from charts in the Reply Brief of the District with respect to these secondary and tertiary districts:

Package Settlements, Method II

Average, Four Districts	7.3% increase
District Offer	7.0%
ULE Offer	8.4%

Package Settlements, Method II, Adjusted for Fort Atkinson and Whitewater increased days of work

Average, Four Districts	6.9%
District Offer	7.0%
ULE Offer	8.4%

The District also compared the range of final offers in the 1983 list of primary districts where offers have been made: Beaver Dam, Hamilton, Hartford, Kettle Moraine and West Bend. This is summarized from its chart in the Reply Brief:

	<u>Average Salary Increase</u>			
	<u>Board</u>		<u>Association</u>	
	<u>\$ Inc.</u>	<u>% Inc.</u>	<u>\$ Inc.</u>	<u>% Inc.</u>
Average, Five Districts	1,881	7.1	2,162	8.2
Method II				
Watertown	1,917	7.2	2,317	8.7
Method III				
Watertown	1,977	7.6	2,382	9.1

The District says that this information shows that its offer is reasonable and the ULE offer excessive, and especially so when coupled with the ULE layoff/recall language.

The District argues that ULE in its comparison with the Beaver Dam schedules made errors and omitted material information. It used the wrong 1981-82 salaries for Watertown which were reduced by 1/191 than the published schedule. It also failed to take into account the fact that in Beaver Dam increases were frozen twice and larger cell increases were granted. This has distorted the benchmarks. Beaver Dam benchmarks of the variety used by ULE really are equivalent to Watertown salary steps two steps higher. This information is abstracted from the District Reply Brief which produced tables of comparisons of the 1981-82 Watertown and Beaver Dam benchmarks and the 1986-87 final offers in both districts. The Watertown schedule in 1981-82 was reduced by 1/191, and in 1986-87 the Watertown benchmarks were advanced two steps to compensate for freezing of increments twice in Beaver Dam.

TABLE XII

DIFFERENCE OF WATERTOWN FROM BEAVER DAM AT EQUIVALENT BENCHMARKS, 1981-82 AND 1986-87

<u>Benchmark</u>	<u>1981-82 Watertown Difference (+ unless noted)</u>
BA 1	322
BA 7	419
BA Max.	949
MA 1	381
MA 10	533
MA Max.	601
Sched. Max.	1392

1986-87 WATERTOWN DISTRICT OFFER COMPARED TO BEAVER DAM OFFERS

<u>Benchmark Equivalent (1)</u>	<u>Watertown Differences</u>	
	<u>BD Dist.</u>	<u>BD Assn.</u>
BA 3	1114	944
BA 9	1019	805
BA Max.	1699	1457
MA 3	1282	1086
MA 12	1121	850
MA Max.	1085	798
Sched. Max.	1195	881

1986-87 ULE OFFER COMPARED TO BEAVER DAM OFFERS

BA 3	1381	1211
BA 9	1349	1135
BA Max.	2081	1839
MA 3	1589	1393
MA 12	1537	1266
MA Max.	1525	1238
Sched. Max.	1678	1364

(1) Watertown equivalent to Beaver Dam BA Steps 1, 7 and Maximum; MA Steps 1, 10, and Maximum; and Scheduled Maximum.

The District says that these data show that the Watertown excess over Beaver Dam will have increased in every step except for one possible event out of all the possibilities of settlements on the two districts.

The District says similarly that the ULE conclusion that its offer more nearly meets the terms of secondary and tertiary districts' settlements is in error, because it failed to include Fort Atkinson and also failed to take into account that Whitewater also froze its increments and increased the work days. It also failed to recognize that Waupun froze some increments, if not all, in the last two years. It also made mistakes in reading the schedules. When the ULE charts, which compare Watertown, the average 1985-86 of Muskego, Waupun, Whitewater, are corrected, the ULE position is only closer to the average of four of the seven benchmarks instead of six as ULE asserts.

The District says that when Fort Atkinson is included in the averaging, even though no adjustments are made for the extra work days in Fort Atkinson and Whitewater and the frozen increments in Waupun, the District then is closer to the average in six of seven benchmarks. This analysis would be even more favorable if the above named adjustments were made and Lake Mills was included. Thus when Muskego, Waupun, Fort Atkinson, Whitewater are adjusted for corrections and averaged, the following data emerges:

	<u>\$ Inc.</u>	<u>Diff.</u>	<u>% Inc.</u>
Average	1,783		7.1
Method II			
District	1,917	+134	7.2
ULE	2,317	+534	8.7
Method III			
District	1,977	+194	7.6
ULE	2,372	+589	9.1

When Lake Mills is included among the other four districts and averaged, the following data appears for average salary increase:

	<u>\$ Inc.</u>	<u>Diff.</u>	<u>% Inc.</u>
Average	1,775		7.1
Method II			
District	1,917	+142	7.2
ULE	2,317	+542	8.7
Method III			
District	1,977	+202	7.6
ULE	2,372	+597	9.1

The District says that its chart shows that regardless of the costing method used, its final offer is closer to average settlements and substantially exceeds them.

The District also argues that the Muskego average settlement brought a \$2,100 salary increase as evidenced by its exhibit. There is no verification of the ULE claim that this average was \$2,455. Assuming that the ULE claim is correct, analysis of the average of salaries of Muskego, Waupun, and Fort Atkinson and Whitewater whether unadjusted or adjusted shows that the District offer is closer to the average than the ULE offer.

The District asserts that the ULE benchmark analysis which purport to show Watertown dropping in rank from 1981-82 to the present should be completely rejected because of erroneous assumptions and many errors. All ULE benchmark analyses of 1981-82 fail to reduce the Watertown level by 1/191. ULE also has made mistakes in salaries for Oconomowoc and Beaver Dam and Kettle Moraine.

Benchmark comparisons also fail to take into account the distribution of teachers in the salary schedule. In Watertown over half of the teachers are at the maximum, whereas in benchmark analyses a majority of weight is given to the earlier steps where there are fewer teachers.

Most important, however, benchmarks have been so tinkered with in salary schedules, that they have been rejected for comparison use by arbitrators, especially by Arbitrator Yaffe (New Holstein School District, Decision No. 22898-A, 1986) who rejected benchmarks, because they did not clearly correlate placement of teachers based on experience. The ULE benchmark analysis should be rejected, because it is based on unreliable WEAC data sheets which do not reflect actual collective bargaining terms.

The District states that as to districts which have schedules which do not reflect a true correlation of years of experience, every one of the six 1983 primary districts, and the districts of Muskego, Mukwonago and Waupun as 1983 secondary districts, and Fort Atkinson, Jefferson, and Whitewater as 1983 tertiary districts, have tinkered with their schedules so that the ULE benchmark comparisons are unreliable and grossly misleading.

The District argues also that ULE's failure to show percentage increases over a period of time is because Watertown settlements matched or exceeded those of comparable districts since 1981-82.

DISCUSSION. The submission of data by the parties presents certain difficulties, because the data purporting to show the same facts are different at times. Thus, for example, this table shows something of the difficulty.

TABLE XIII

COMPARISON OF DATA SUPPLIED BY PARTIES ON AVERAGE SALARY AND AVERAGE TOTAL PACKAGE, 1986-87

	Average Salary		Average Package Inc.	
	<u>ULE</u>	<u>Dist.</u>	<u>ULE</u>	<u>Dist.</u>
Fort Atkinson	26,034	26,035	33,157	34,131
Menomonee Falls	32,219		40,565	
Muskego	29,311	29,237	38,172	38,020
New Berlin	32,189		42,817	
Waupun	25,865	25,865	39,109	34,001
Whitewater	27,077	27,077	33,158	35,316
Watertown				
ULE Est.	28,555	28,855	37,707	38,448
Dist. Est.	28,455	28,455	37,217	37,956

Let it be said here that in the case of the Watertown and Waupun average package increases, the District data appear more reliable.

Also it must be noted that the District has in effect said there are so many errors in data supplied by ULE because of failure to take into consideration increment freezes, changed school years, and tinkering with schedules, that no comparisons of ranking from previous years is accurate. Following this line of reasoning, the District calls for reliance on the other statutory factors the arbitrator is required to weigh.

As to these contentions, the modification of benchmarks by altering them to reflect paid days of work amounts to the introduction of a new standard of comparison - namely daily pay. This is a direction of inquiry that is fraught with problems, such as whether or not the comparison then must evolve into pay per pupil contact time, or pupil load. Thus the exercise of the District in adjusting pay for days of work, though interesting, is not used as a measure of comparison here.

There is one exception to this, and that is the adjustment in the pay schedule of Watertown in 1981-82. Here there was an actual reduction in pay of 1/191, and this should be taken into consideration in comparing the ranking of Watertown that year in comparison to other districts when benchmarks are compared. These adjustments are reflected in various tables presented earlier.

As to rejecting all benchmark data because of "tinkering", while difficulties certainly are present in using benchmark data because of increment freezes, yet a complete rejection of them does not appear to be indicated, particularly because the data presented do show a downward trend in the ranking of Watertown over a period of time whether the 1981-82 base as claimed by ULE or the Board base of a 1/191 reduction is true. The long-term indication of this is found in Tables IV, V, VI, and X. In other words, a "catch-up" situation is present. This fact must be weighed with other comparison data.

In viewing other comparisons, one encounters a question of the validity of the "returning teacher" method, and "cast-back" methods of costs. Both of these have a value, but since the methods of comparing costs in most districts appears to be the "cast-forward" method, this will be relied on more generally here.

In the foregoing tables, certain conclusions have support. One is that generally the ULE offer is higher percentage-wise than most increases in any settled district, and that its average dollar increase per average teacher is on the high side (Tables VII, VIII). While the benchmark increases of Watertown under the ULE offer are more significant than such increases for the districts in the more rural settled districts, the Watertown ULE offer is also substantially higher than the settlements in the former secondary and tertiary districts when they are grouped together.

While the average dollar increase per teacher of the District offer is high compared to these secondary and tertiary districts, yet in ranking with the more comparable settled districts, it is slightly on the low side (Tables III, VIII). The percentage increase per step at 5.5% is low also.

The offer of the ULE appears on the high side in comparison to possible outcomes of final offers in five of the districts described as primary districts in 1983 (Table IX). Thus, against these higher average salary costs and percentage increases must be balanced a general decline in the ranking of Watertown from its 1981-82 position which continues, in some measure, under the District offer in 1986-87. This decline has taken place in ranking among twenty school districts in the region (Table IV), with respect to the presently used comparables of settled districts (Table V), and with the rank of Watertown with the districts designated as primary comparables, when relating 1981-82 to the 1985-86 rankings (Table VI). The difference in dollar gains over the years in benchmark comparisons is shown in Table IX, and appears to have been to the disadvantage of Watertown teachers even if the 1981-82 salaries are adjusted by the 1/191 reduction.

These data give evidence that a "catch-up" situation has developed for the Watertown teachers when the region as a whole is considered, and not just nearby and secondary comparable Jefferson County districts.

The catch-up situation, in the opinion of the arbitrator, justifies the higher offer of ULE as the more reasonable in this year.

X. COMPARISON OF WAGES INTERNAL TO THE DISTRICT AND EXTERNALLY IN THE PUBLIC SERVICE. Internally to the Watertown system, school clerical staff received about 6.5% more in 1986-87 than in the previous year, with salaries in the scale ranging from 6.0% to 6.8% (Dist. Ex. 8-2). The custodial staff with eight classifications received at the top scale for five or more years of employment increases ranging from 4.7% to 5.3% at 45¢ per hour (Dist. Ex. 8-4). The administrative staff under a School Board Resolution, calling for a 6% increase per administrator and 2% merit pay, received an average increase of 7.53% (Dist. Ex. 8-7).

ULE calculates the increase of the administrative staff differently. The District included the Superintendent who received a 7% raise whereas all others of the staff but three received an 8% raise. Two of the three received no raise at all, and one received a 12.4% raise. ULE, averaging the percentage increase for administrative staff, says it came to 8.16% (ULE D1).

Exhibits presented by the District on settlements in public employment in the Watertown area gave this information in Exhibit 10:

Watertown, Top Firefighter, Increase 7/1/86 over 7/1/85	5%
Watertown, Top Police Officer	4%
Jefferson County	
Nursing Home	4.4%
Deputy Sheriffs, Top	5%
Highway Maintenance	4.4%
Highway Equipment Operator	4.4%
Non Represented	
Human Services Staff III	4.5%
Account Clerk II	4.4%

Dodge County	
Non-Union	
Professional Librarian	5.3%
Nurse III	5.3%
PH Nurse	4%
Courthouse	
Account Clerk	3.8%
Social Worker III	4.8%
Sheriff-Patrolman	3.9%

The District also submitted news reports of the statements of public officials in the area about minimizing tax increases by either not granting wage increases or laying off employees, because of loss of federal and state aids. The Mayor of Watertown and County officials in Dodge County were cited, and in Dodge County wage and fringe benefit increases were deleted from the 1987 budget (Dist. Ex. 10-3). Layoffs were directed in Dodge County. In Jefferson County, the County offered Deputy Sheriffs a 1.5% increase while the Union was demanding a 3% increase.

The following information is obtained from ULE Rebuttal Exhibit 3:

TABLE XIV

INCREASES FOR WATERTOWN SUPPORT STAFF COMPARED
TO AREA SCHOOLS, 1984-85 TO 1986-87

	1985-86			1986-87		
	Schools	\$ Inc./Hr.	% Inc.	Schools	\$ Inc./Hr.	% Inc.
Custodians						
Average						
Area Schools	11	.4436	5.28	6	.4433	4.83
Watertown		.45	5.29		.45	5.15
Clerical						
Average						
Area Schools	7		12.0	5		5.9
Watertown			6.92			6.4

ULE POSITION SUMMARIZED. ULE notes that the only other professional staff for comparison internally is the administrative staff. The average administrator in the District received a \$2,801 increase even though two were not granted any increase. ULE points to the District's custodial staff getting the highest increase for 1986-87 among area districts, and observes that the secretarial staff received a 6.4% increase in salary, which it contends comes to a 8.01% package increase. It notes a large range of clerical staff increases from 5% to 16.8%.

As to external comparison, ULE says it is difficult to find a link in comparisons, but compares the Watertown school superintendent's salary and the increase and the level of compensation of elected county officials in Dodge and Jefferson Counties in 1986-87.

DISTRICT POSITION SUMMARIZED. The District points to the settlements with non-professional unions and with administrators which, when the highest percentage increases in each category are considered, comes to a 6.7% increase. The District offer is greater than this average but closer to it than the ULE offer. The District offer is the more comparable offer on this basis.

Similarly the percentage increases of salaries and wages in the City of Watertown, in Jefferson and Dodge Counties are well below the District offer and the ULE offer, but the District offer is more comparable.

The District also says that the "crisis-like" atmosphere in developing budgets and negotiations in the three jurisdictions must be considered.

DISCUSSION. It is clear from the preceding tables that the District offer is more comparable in percentage increases to settlements made internally in the District, and externally in the City of Watertown, and in Jefferson and Dodge Counties.

XI. COMPARISON OF WAGES IN THE PRIVATE SECTOR. District Exhibit 11 reported that the median first year wages increase for the first nine months of 1986 for all industries amounted to 2.5% as compared to 3.9% for the same period in 1985. The 2.5% increase also held true for the north central region.

The same exhibit reported that white-collar salaries rose between 3 and 5.5 percent from March 1985 to March 1986 with large firms paying about 10 to 20 percent more than smaller firms.

As for professionals, attorneys had on average a pay increase of 6.7% in 1985-86 while auditors had an increase of 1.9%. Entry level attorneys averaged \$31,014 a year while the highest paid averaged \$101,169. Accountants ranged from \$21,024 to \$61,546, and engineers ranged from \$27,886 to \$101,169 for top level employees. Directors of personnel and programmers were at lower levels.

ULE Exhibit C 12 reported the results of a Bureau of Labor Statistics Survey of March 1985 on Professional, Administrative, Technical and Clerical pay. Among professionals were the following percent increases from 1984 to 1985:

Accountants	4.8%
Chief Accountants	6.2%
Auditors	3.8%
Public Accountants	4.3%
Job Analysts	5.8%
Personnel Directors	6.5%
Attorneys	5.9%
Chemists	5.6%
Engineers	4.9%

Average salaries reported were as follows:

	<u>Level I</u>	<u>Top Level</u>
Accountants	\$20,577	\$59,519
Chief Accountants	37,557	74,735
Auditors	21,128	39,243
Public Accountants	19,657	31,416
Attorneys	29,886	91,690
Computer Programmers	20,318	41,288
Computer Analysts	28,197	68,809
Chemists	22,631	68,710
Engineers	27,405	76,205

PARTIES' POSITIONS SUMMARIZED. ULE points to its Exhibit D 12, and especially the range of pay available for accountants in 1985. It uses this in conjunction with its Exhibit B 1, "A Nation Prepared: Teachers For the 21st Century, The Report of the Task Force on Teaching As a Profession," May 1986, Carnegie Forum on Education and the Economy. It notes that this report recommends teacher salaries follow salary levels of accountants (p. 95).

The District notes the information presented by its Exhibit 11, cited above in part, and says that this information shows that the District offer is fair at a time when the private sector is sluggish.

DISCUSSION. The evidence is that, compared to private manufacturing employment and private white-collar employment, both offers exceed the pattern of percentage raises in the previous year, but the District offer is the more comparable.

However on the basis of dollar amounts paid in the private sector to professional employees with a similar level of undergraduate and graduate level education, the ULE offer is more comparable.

XII. COST OF LIVING. District Exhibit 9 showed that the Consumer Price Index, identified with the cost of living, in its aspect for Urban Wage Earners and Clerical Workers, changed 1.19% between August 1985 and August 1986. The change for the CPI-U.S. City Average, All Items, for the same period was 1.16%. The CPI-W from August 1982 to August 1986 changed 10.6%.

Union Exhibit C-1 shows that the CPI-W in March 1986 had changed upward 1.9% from March 1985. The CPI-U, however, had changed 2.3%. In September 1986 the CPI-W had changed 1.4% from the previous September, and the CPI-U had changed 1.8%.

DISCUSSION. The District offer is more comparable to the changes in the cost of living.

XIII. WORKING CONDITIONS - LAYOFFS. ULE is proposing new layoff/recall language for Article IX of the agreement. The language has been recited earlier in Section III. An essential feature of this proposal is that seniority is determined by the actual continuous time worked in the District and by the area of certification. The previous contract in Article IX, Section F provided for the following layoff policy among other things,

"In the event that the Board should decrease the number of teachers within a department, grade level or program of the school system, the primary consideration to such layoff shall be shortest length of local service in the District. Teachers shall be laid off within the department, grade level or program in inverse order of service in the District...."

"Department" is defined "as a grouping of like subjects (7-12)". "Grade level" is defined as primary (K-3) or intermediate (4-6). "Program" is a course of study or service applied district-wide - music, guidance, physical education, etc.

In the hearing, evidence was adduced on a teacher, Jean Chapman, with K-3 certification, who had taught pre-school Hmong children and was laid off because the program was ended. She was left on for a half-time kindergarten position available. Her seniority was in a Title 7 federal program only. She was a resident of Watertown for 18 years.

A teacher, Vernon Bradow, certified in driver education and political science, was laid off because of the elimination of behind-the-wheel driver's education. He had 12 years of teaching in the Watertown schools, but it applied only to driver education. His home and family were in Watertown, but he obtained a position at lower pay in driver education in the Rockford area.

A person currently employed in the District, Herman Tiedemann, is certified in Latin and history, leading four Latin classes and one history class. He is in his eighteenth year with the District. In this time he never had a majority of history classes in any year. Latin is being phased out, and Mr. Tiedemann, under the present system, has no seniority in history to remain in the system.

The ULE proposal is for a person to stay in the system and have bumping rights for any area in which they are certified.

The following table reports some features of seniority provisions in the current settled districts of primary comparison and in the earlier described districts of primary comparison. These features are related to the issue here.

TABLE XV

PROVISIONS FOR LAYOFF RELATING TO SENIORITY
AND CERTIFICATION IN COMPARABLE DISTRICTS

A. SETTLED DISTRICTS

Fort Atkinson	3 years experience, certification, and seniority based on a point system.
Menomonee Falls	Layoffs based on computed indices composed of years in the system times a numerical factor, certification times a numerical factor plus credits. Teachers in two different departments at the same time given full credit for department or field.
Muskego	Part-time teachers with least seniority and within certifications laid off first. Full-time teachers with the least seniority within respective certification category laid off next. Certification determined by current valid teaching licenses.
New Berlin	Layoff based on seniority in district, certification, provided however remaining staff qualified. Layoff district-wide.
Waupun	Layoff based on seniority, certification and past and potential contribution as evidenced by evaluations.
Whitewater	Layoff based on seniority in department, seniority in district and qualifications which include evaluation, appropriateness of training, experience and certifications, academic achievements, and co-curricular assignments.

B. 1983 PRIMARY COMPARABLES

Beaver Dam	Layoffs by divisions, departments, and special assignments, taking into consideration seniority, overall teaching experience, academic training, performance.
Hamilton	Layoff on seniority and qualification based on current certification. Teachers bumping into a different level without experience on that level are on probation.
Hartford	Layoff on seniority and department.
Kettle Moraine	Layoff on seniority and certification. Bumping permitted.
Oconomowoc	Layoff according to a matrix system which awards plus or minus points for contractual status and plus points only for academic training, certification category, experience, degrees, seniority.
West Bend	Layoff in area of certification of least senior employee, except that Board can retain least senior employee if layoff would jeopardize a Board program. Bumping into another area of certification permitted.

TABLE XV - continued

C. SECONDARY DISTRICTS

Germantown	Layoff of least senior teacher in area of certification.
Jefferson	Least senior teachers in grade level or subject area laid off first.
Pewaukee	Layoff based on length of service in grade level, department, or program.

ULE Exhibit A-22 was a listing of Seniority Lists by subject for the end of the school year of 1985-86. Thirty six different seniority groups were listed.

District Exhibit 28, "Examples of Seniority Departments, Grade Levels and Programs", listed 37 seniority groups. The testimony was that these were all of them (TR. 110).

It was the testimony of Donovan Richards, now retired, but then Director of Personnel, that the persons to be laid off were told and the ULE agreed that these were the people to be laid off (TR. 111).

ULE POSITION SUMMARIZED. ULE terms the layoff/recall issue as extremely serious and says it has the burden of showing that real problems exist which need correction. It notes that its proposals are alike to the provisions in Hamilton, Kettle Moraine and West Bend, while Hartford U.H.S. has seniority in all the departments the teacher has taught. Oconomowoc allows for bumping.

Mukwonago and Muskego all have seniority by certification, and Waupun has a modified seniority by certification. Other districts also have seniority by certification. No district, however, is as limited as that in Watertown where seniority applies to one of 28 department, grade level or program areas. Seniority can accrue in a second department, grade or program area only after a teacher can achieve a majority of seniority in the second area.

The Union notes that under the collective bargaining agreement that the District may assign teachers at will up to May 30 in the elementary schools and until June 30 in the secondary; and for good cause can assign or reassign even after these dates.

ULE in the Chapman case has a grievance pending for her not being reassigned; however for the matter here, despite her certification for early childhood level teaching, she was not listed for seniority, but only for seniority on a Title 7, Federal Program. Teachers with less seniority are teaching in the early childhood level.

Mr. Bradow with 12 years, and certified in social studies as well as driver education, was displaced with a loss of \$10,613 and benefits. Nevertheless three teachers in social studies have less seniority than he has. He has to commute from Watertown to Rockford, is home only on weekends, and may have to sell his home in a depressed market.

Mr. Tiedemann with 17 years experience in the Language Arts/Social Studies Department, can never gain creditable seniority in the other department by the time the Latin program ends. He cannot now gain any applicable seniority for the next 8-13 years. He also is married, has children, and owns his own home in Watertown.

ULE notes that the hearing record showed that the department did not have an accurate seniority list, nor was there agreement on how department, grade level or program areas are applied, and seniority listed groupings are not the same as administrative groupings used for seniority.

ULE says that the most senior teacher in the District began teaching in 1953, but there are no multiple seniority listings. This raises the question why no one has achieved seniority in more than one department, grade level, or program in the last 34 years, when undoubtedly there were shifts. It is probable that there is no real accounting of the time a teacher accrues seniority in other areas.

DISTRICT POSITION SUMMARIZED. The District asserts that ULE has a heavy burden in justifying a wholesale revision of the layoff/recall provisions based solely on seniority within certification. This means bumping and major revisions in recall rights, insurance, continuation rights, and jurisdictional scope of layoff/recall provisions. Also there is new language on the circumstances under which seniority is lost and on administrative aspects of the layoff/recall procedure. This raises questions as to whether layoffs should be determined solely on seniority or whether qualifications to teach should be considered. Also especially if a teacher has never taught in some areas, and whether there should be bumping.

The District cites Arbitrator Yaffe to the effect that layoff/recall provisions are difficult to analyze in terms of comparables, and reliable comparisons cannot be made in most instances. When this is so, a party proposing a change in the status quo has the burden of justification as well as comparability. A proposed change which exceeds rights held in comparable districts must be rejected. In this case the ULE proposal is excessive.

The District states that of 13 comparable districts, only four determine layoff/recall solely on the basis of seniority to the exclusion of other factors. Six districts rely in part on other factors. Two districts rely solely on seniority unless there is a tie in which qualifications are applied. Another district allows exception to seniority only if in the best interests of the system.

Only two districts determine layoff/recall solely on the basis of seniority applied to all the areas in which the teacher is certified. Three districts have some modification of this, and eight districts restrict seniority to the area in which the teacher is teaching or condition seniority with some form of qualifications.

As to bumping, only one district determines layoffs/recalls on seniority, allows seniority to apply to all certification areas, and permits teachers to bump without restrictions into areas where they have never taught. Two districts rely on qualifications to break a tie in seniority, but ten districts place restrictions on bumping into a new area, either requiring qualifications or not permitting it.

The District rejects the ULE argument that 28 department, grade level, or program areas unduly dilute seniority. First it should be noted that five districts apply seniority to departments, grade levels, program areas or other divisions. Some of these districts have approximately the same number of seniority areas as Watertown.

ULE's inference that there are fewer certification areas than department, grade level, or program areas is not the case, for the Department of Public Instructions lists 104 areas of certification.

The District holds that the ULE complaint of the department's right to transfer teachers from one seniority area to another is not evidenced in this matter as affecting laid off teachers, and ULE has not demonstrated that this right of the District ever created any inequities.

The District states that whether or not the District had a verified seniority list at the time of the hearing is irrelevant, because the present contract language does not require the District to prepare such a list. This charge is also immaterial, because the parties never had

problems in determining seniority and seniority areas. The parties also met prior to layoffs, and no grievances were filed on them. If ULE was dissatisfied with the lack of a verifiable list, it should have structured its proposal to address this small problem. The present system works, and there is no justification for scrapping it.

The District says that the ULE proposal is unjustifiably broad in its wholesale revision of present contract language, which includes six different conditions. They include added-in recall rights, new insurance rights, a broadening of the jurisdictional scope including limited term employees, long term substitutes, and replacement teachers, who are not defined or covered by collective bargaining. They also include three conditions imposed on the administration which are new. The District asserts that such a wholesale revision is best left to the bargaining table.

The District states that on the basis of the public interest alone, the selection and retention of teachers based solely on seniority should be rejected, because the public interest is opposed to it. The ULE proposal focusses solely on what is best for teachers and not what is best for the education of the students, and this is a radical departure from public policy. The District cites this arbitrator in Jt. School District No. 2, Villages of Fox Point and Bayside, Dec. No. 22504-A, 1985, to the effect that where there is a strong public interest, it should prevail.

DISCUSSION. It is a common arbitral practice to require a party proposing a substantial change from a major contract provision previously obtaining between parties to justify that change. "Arbitrators may require 'persuasive reason' for the elimination of a clause which has been in past written agreement" (1)

As noted in the presentation of the foregoing material, the ULE proposal would bring layoff/recall on seniority and certification, rather than on seniority in a department, grade level or program. The result would permit bumping.

As to comparisons to be made with similar provisions in other comparable districts, while the comparisons are difficult to make, they are nevertheless within certain general areas capable of being made. The issue should not rely on persuasive powers alone. It is possible to make some comparison in general areas.

First, let it be noted that the parties to some extent abandoned the idea of a limited number of comparables which they used in applying to wage comparisons and broadened their comparisons to a larger group of districts. The arbitrator has no trouble with this, but has grouped some of the districts into the settled districts and the 1983 primary comparisons.

As to the general conditions on whether seniority should be applied only to a department, grade level, or program without regard to other areas of certification, a scrutiny of the conditions reported in Table XV shows that three of the systems in the settled comparative districts have layoffs based on seniority and certification in some form, two have modified systems of layoff on seniority, and only one has a system based on seniority in a department.

Among the 1983 defined primary comparables, three have layoff based on seniority and certification with some modifications. Two districts have layoff by departmental seniority, and one has a complex system of points of which seniority is only a part.

(1) Frank Elkouri and Edna Asper Elkouri, HOW ARBITRATION WORKS, 4th Ed., Washington, D.C., BNA Inc., 1985, p. 843.

In the districts described as secondary, two have layoff by seniority for grade level, and one has layoff by seniority and certification.

On the basis of the narrow aspect of applying seniority along with certification to layoff, the ULE offer more nearly meets the criterion of comparability.

However the ULE offer has some extensive features associated with its layoff policy, and the question arises as to whether the ULE proposed new Section F. of Article IX is far too extensive. There was no testimony on any bargaining history relating to the language of the proposed changes other than the policy of use of certification to determine layoff. Whether the District responded to any of the additional features as being unreasonably adverse is not in the record. The District is making its main objection on the ground it is not in the public interest to include certification along with departmental seniority especially because this would permit bumping into an area in which a teacher had never taught. A weighing of three principles is required here: the greater comparability of layoff by seniority and certification, the desirability of when extensive contract provisions are proposed to have this done by negotiation rather than in arbitration award, and the possibility that a teacher with certification who bumps into an area in which the teacher had never before taught would not be in the public interest.

The arbitrator here is of the opinion that the extensive changes other than just seniority and certification is the most important aspect here, and therefore there is a favorable weight that accrues to the District's position.

Let it be said that there has been sufficient hardship shown in the case of Mr. Bradow and prospective special hardship in the case of Mr. Tiedemann to justify a change in the contract provision to give consideration to seniority and certification; but the extensive revisions in the proposed ULE provision would better be left to negotiation first.

XIV. THE FINANCIAL ABILITY OF THE UNIT OF GOVERNMENT TO PAY THE COSTS. The ability of the unit of government to pay the costs has received the attention of the parties. District Exhibit 12 showed that Jefferson County had 7.5% of its labor force unemployed as of October 1986 with an average unemployed rate of 8.2% for the year to that date. Dodge County had a 6.9% unemployment rate in October 1986 with an 8.0% rate for the year to date.

District Exhibit 13 showed that delinquent taxes in Dodge County for 1985 amounted to \$2,043,548, an increase of 10.7% above 1984. The percentage of tax delinquency in Dodge County had increased each year from 1982. The Jefferson County 1985 delinquent tax was \$2,416,208, a 17.5% increase over 1984. The percentage of delinquent taxes had increased each year since 1982.

District Exhibit 14 showed that between 1985 and 1986 the equalized value of taxable property in Dodge County declined by 9.63% and that in Jefferson County by 7.84%. This was part of a general decline of nearly 2% in the equalized value of all taxable property in Wisconsin, but especially reflected a 23% decline in farm value in the state.

The per capita income in Dodge County in 1984 was \$10,917. This was 29th in the rank of Wisconsin counties, Dodge County having dropped from 20th in 1979. The per capita income in Jefferson County in 1984 was \$11,783, 18th in state rank, unchanged from 1979 (Dist. Ex. 15).

The 1980 median household income for families in the Watertown school district was \$17,821, and the median family income was \$20,562, with a per capita income of \$7,019. 338 families had incomes below the poverty level, representing 5.15% of the families. 1,574 persons were in the poverty group, or 6.51% of all individuals in the district (Dist. Ex. 15).

In 1985 the adjusted gross income per capita in Dodge County was \$7,529 and in Jefferson County it was \$7,900. In Waukesha County it was \$12,411 (Dist. Ex. 15).

In 1985 8,577 taxpayers reported themselves as living in the Watertown School District and as having a total net taxable income of \$152,333,516. Of these, 7,918 had taxable incomes and paid a total tax of \$8,360,683, or 6.0% of their net taxable income (Dist. Ex. 15).

Information on costs per pupil also was presented by the District. The following comparison of per pupil costs comes from District Exhibits 19 and 22:

TABLE XVI
COMPARISONS OF TOTAL INSTRUCTION COSTS, SALARY AND FRINGE BENEFIT COSTS, TOTAL SCHOOL COSTS, "COMPARISON COSTS" AND PROPERTY TAX BASE FOR 1986 AND 1983(1)

<u>District</u>	<u>1986</u>				
	<u>Total Instr.</u>	<u>Sal. & F.B.</u>	<u>Total Costs</u>	<u>Comp. Costs</u>	<u>Prop. Tax Base</u>
A. Settled Districts					
Fort Atkinson	2,579	2,394	4,905	3,964	153,560
Menomonee Falls	2,951	2,779	5,282	4,718	255,366
Muskego	2,463	2,287	4,261	3,694	142,068
New Berlin	3,460	3,332	5,811	5,042	219,750
Waupun	2,200	1,894	3,645	3,236	156,856
Whitewater	2,352	2,166	4,228	3,774	212,486
Watertown	2,645	2,467	4,436	4,060	176,769
Rank	3	3	4	3	
B. 1983 Primary Districts					
Beaver Dam	2,948	2,180	4,257	3,721	164,557
Hamilton	2,765	2,562	5,054	4,358	164,656
Hartford U.H.S.	2,289	2,106	3,897	3,512	402,890
Kettle Moraine	2,303	2,147	4,561	3,817	154,440
Oconomowoc	2,531	2,416	4,323	3,886	210,215
West Bend	2,507	2,372	4,217	3,677	153,965
Watertown					
Rank	3	2	3	2	
<u>1983</u>					
					<u>(000)</u>
A. Settled Districts					
Fort Atkinson	2,005	1,814	4,226	3,135	152
Menomonee Falls	2,310	2,194	4,136	3,454	200
Muskego	1,823	1,712	3,288	2,746	125
New Berlin	2,465	2,363	4,255	3,663	184
Waupun	1,549	1,420	2,959	2,517	150
Whitewater	1,831	1,671	3,280	2,863	200
Watertown	1,904	1,802	3,293	2,988	170
Rank	4	3	4	4	3
B. 1983 Primary Districts					
Beaver Dam	1,737	1,603	3,136	2,727	153
Hamilton	2,070	1,962	3,946	3,202	137
Hartford U.H.S.	1,695	1,552	3,108	2,598	376
Kettle Moraine	1,788	1,666	3,570	2,864	145
Oconomowoc	1,890	1,801	3,373	2,934	183
West Bend	2,155	1,999	3,591	3,118	145
Watertown					
Rank	3	3	5	3	3

(1) District Exhibits 19 and 22. "Wisconsin School District Facts (Year)", Public Expenditure Survey of Wisconsin.

TABLE XVII

1984-1985 COMPLETE ANNUAL SCHOOL COSTS PER MEMBER
AND PER LOCAL SHARE(1)

	<u>Cost/ Member</u>	<u>% Local Share</u>	<u>% Local Share</u>
A. Settled Comparable Districts			
Fort Atkinson	4,185	65.12	2,725
Menomonee Falls	4,537	84.86	3,850
Muskego	3,952	50.07	1,979
Waupun	3,378	57.41	1,939
Whitewater	3,935	78.96	3,107
Watertown	3,926	66.41	2,607
B. Former Primary Districts			
Beaver Dam	3,771	58.12	2,192
Hamilton	4,452	58.24	2,592
Hartford U.H.S.	3,440	48.85	1,680
Kettle Moraine	4,170	57.10	2,381
Oconomowoc	3,834	66.23	2,539
West Bend	3,856	54.54	2,103

(1) District Exhibit 23

District Exhibit 23 reported that Watertown could have expected state aid of \$3,833,065 for the 1985-86 school year. For the 1982-83 year this amount would have been \$3,210,612 (Dist. Ex. 26).

ULE Exhibit C 5 showed that the estimated 1985-86 school aid property tax credit for Watertown amounted to \$804,329.

For 1986-87 the estimated total direct aid and "TIF" for Watertown is \$3,967,712. The estimated school aid credit is \$1,045,339. The sum and total of both types of aid is \$5,013,052.73 (ULE Ex. C 6), a 4.54% increase. It proposes an expenditure of \$13,611,716, a 5.15% increase.

A special independent debt service fund will require a levy of \$95,175, a tax rate of .017 mills.

The District has budgeted \$4,676,991 as state revenue from all sources, a drop of 1.14%.

The equalization of the District for 1986-87 was \$547,710,600, an increase of 0.15%. The District gross levy is \$8,506,614, a 9.26% increase. The mill rate went from 14.24 to 15.53. \$8,335,546 was budgeted for all salaries.

ULE POSITION SUMMARIZED. ULE states that the District overbudgeted in 1986-87 for teachers' salaries when it budgeted \$6,547,545 for teacher salaries. The cost of the ULE offer for actual staff in place is \$6,051,360. The District also projected state aid at \$4,676,991 when the DPI projects it at \$5,013,052.73. When the adjustment of lower salary costs and higher state aid is made, the District could have funded the budget with 0.5 mills increase instead of 2.29 mills increase.

ULE holds that the Employer's salary and salary and benefit cost per pupil data are statistically invalid for several reasons. The number of teachers per student is a unilateral decision of the Employer so that the pupil teacher ratio is the decision of the Employer. Thus analogies and comparisons should not be used in any manner to reach a decision.

ULE says that the District's data show that between 1983 and 1986 the District reduced its pupil/teacher ratio from 17.9 to 15.5, a change of 13.41%. This is greater than the average of 12 other districts at 8.04%. Thus even if all teachers received the same salaries and salary increases from 1982-83 to 1985-86, the Watertown cost per pupil would have increased, all on the decision of the Employer.

ULE also states that variables in the maturity of the staff have an impact on dollars and percents of increase, so that where the average teacher salary is the highest, the percentage increase of average dollar increase will register lowest. Thus benchmarks are most reliable method of comparison.

ULE also asserts that the average cost per student is affected by a number of factors and not just teacher wages. The District over-budgeted and also is admittedly a leader among comparable districts in that some innovative areas have cost factors which other districts do not have. These include a major teacher training program in research based on methods for instruction, a Job Training Partnership Act program and a significant investment in computer technology.

DISTRICT POSITION SUMMARIZED. The District states that the ULE offer should be rejected, because the District's per student increases in salaries and fringe benefits since 1982-83 are the greatest of any of 13 districts, and to adopt ULE's offer would negate and make a mockery of the painful cost-cutting program undertaken by the District in 1986-87. The District in applying costs per student provided certain charts from which the following data have been abstracted:

TABLE XVIII

SALARIES AND FRINGE BENEFITS AVERAGED, 1983
FOR SELECTED DISTRICTS AS GROUPED IN 1983 ARBITRATION

A. Primary Group - Beaver Dam, Hamilton, Hartford, Kettle Moraine,
Oconomowoc, West Bend

	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>3 Yr.</u> <u>\$ Inc.</u>	<u>3 Yr.</u> <u>% Inc.</u>
Group Average	2,402	2,219	2,016	1,885	484 ⁽¹⁾	21.7
Watertown	2,467	2,252	1,918	1,802	665	27.0
Difference	65	+33	-98	-83	+181	5.3

B. Primary Group Plus Muskego, Mukwonago, Waupun, Fort Atkinson,
Jefferson, Whitewater

Group Average	2,286	2,097	1,910	1,767	485	22.9
Watertown	2,467	2,252	1,918	1,802	665	27.0
Difference	181	155	8	35	180	4.1

(1) Arbitrator's calculation = 517. Difference = 148.

The District emphasizes the fact that salary and fringe benefits

TABLE XIX

ANNUAL ACTUAL SCHOOL COST PER STUDENT 1982-85 FOR SELECTED DISTRICTS AS GROUPED IN 1983 ARBITRATION

A. Primary Group - Beaver Dam, Hamilton, Hartford, Kettle Moraine, Oconomowoc, West Bend

	<u>1982-83</u>	<u>1984-85</u>	<u>2 Yr. \$ Inc.</u>	<u>2 Yr. % Inc.</u>
Group Average	3,394	3,921	527	15.6
Watertown	3,043	3,927	884	29.1
Difference	-351	+6	357	13.5

B. Primary Group Plus Muskego, Mukwonago, Waupun, Fort Atkinson, Jefferson, Whitewater

Group Average	3,357	3,907	549	16.6
Watertown	3,043	3,927	884	29.1
Difference	-314	+20	335	12.5

The District says that the increase in annual cost per student in a two year period was \$884, the largest dollar increase of any of the districts, and the percentage increase of 29.1% was the largest. Sky-rocketing costs and a shrinking tax base caused the District to make substantial cuts despite increased enrollment. The budget was reduced in all program and curricular areas by 5%. With the increase in the levy at 16% cuts were made in administration, programs, and other functions and in the teaching staff where early retirements prevented layoffs of five teachers in addition to the three named in this matter. The budget cutting action by the elected public representatives is the true expression of the public interest.

The District asserts that ULE's contention that the school over-budgeted is erroneous in that it bases its members on an oversimplified summary in which are lumped other costs such as summer school, substitute teachers and department heads.

As to the ULE contention that there will be increased state aids, there is no guarantee that these increases will be received.

DISCUSSION. Among the matters to be considered are whether the calculations as to costs per pupil are to be given great weight. While they are illuminating, their use in effect amounts to calculating a teacher's teaching load in a new way, in effect a kind of productivity measurement in which the lowest costs accrue in part to the largest load of pupils per teacher. Since the load is not bargained, the arbitrator believes it is not appropriate to use this measurement of teachers' salaries, especially since other factors of programs, also under control of the Employer, are involved in costs per pupil.

The matter then comes to whether the District can meet the cost. The arbitrator believes that the evidence is that the District inspite of its budget stringencies can meet the cost. The calculations about costs have been based on the casting forward method which project a ULE offer cost of \$6,349,799. This is a cost \$87,999 more than the District offer, about \$400 a teacher. The evidence appears that even if this is the actual expenditure, state aids will assist. However in a real sense as to affordability, the actual cost to the District, if the ULE estimate is reliable, is estimated to be \$6,015,360 or \$334,439, which will provide a potential resource to meet the ULE offer.

The arbitrator concludes that the District will have the ability to meet the ULE costs.

The matter of whether the District should have to pay those costs will now be addressed.

XV. THE INTERESTS AND WELFARE OF THE PUBLIC (continued). As to the matter of unemployment in and around Watertown, there was an average of 8% unemployment in Dodge County in the first ten months of 1986, and 7.5% in Jefferson County in the same period (Dist. Ex. 12).

The 1985 tax delinquency in Dodge County was \$2,043,548, an increase of 10.7%. In Jefferson County it was \$2,416,208, an increase of 17.5% (Dist. Ex. 13). The value of taxable property in Dodge at \$1,754,133,000 equalized value dropped 9.63% between 1985 and 1986. In Jefferson County the equalized value of \$1,484,014,300 represented a 7.84% drop. A drop in the state full value of taxable property was largely due to a deep slide in the value of agricultural land (Dist. Ex. 14).

In 1984 Dodge County with an average income of \$10,917 per capita was 29th in rank, when it had been 20th in 1979. Jefferson County with a per capita income of \$11,783 was 18th in 1984 and had been 18th in 1979. In 1980 in the Watertown School District the median household income was \$17,821; the median family income was \$20,562, and the per capita income (non-institution) was \$7,019. 6.51% of the people, or 1,574, were persons living below the poverty level (Dist. Ex. 15).

In 1985 the adjusted gross income per capita in Dodge County was \$7,524. In Jefferson County it was \$7,900 (Dist. Ex. 15).

In 1985, also, 7,918 taxpayers in the Watertown School District reported paying a net tax of \$8,360,683, although 8,577 taxpayers of the District had reported a net income of \$152,333,516 (Dist. Ex. 15).

An undated document from the Department of Public Instruction, "Supply and Demand of Teachers in Wisconsin," reported that strong and numerous teacher training programs are in place in Wisconsin and surrounding states to meet the current demand for teachers, although there might be shortages in some specialties. It appears that in the five years ahead, after the 1985-86 school years, there will be no teacher shortage in Wisconsin. Of approximately 3,200 persons graduating with education degrees in Wisconsin in 1984-86, less than one-third accepted full-time teaching in Wisconsin (Dist. Ex. 16).

A treatise, "Teacher Crisis: Myth or Reality" by C. Emily Feistritz, National Center for Education Information, (1986) asserts that as to the crisis in education, American education is "meeting the demands and, in some areas, thriving." In 1983-84 there were about 8,000 more classroom teachers and 6.7 million fewer students than in 1972-73. In 1983-84 there were 28,115 more teachers in public elementary schools and 3.4 million fewer students. In secondary schools between 1983-84 and 1985-86, there were 2.0% less students and 2.1% more teachers.

As to turnover rates, though half the teachers have stated they thought of a different job, and a third said they would leave in five years, this is no cause for concern, because for decades a third of the teaching force leaves every five years. Also the aging teacher force which will produce retirements, will produce these retirements just about the time the pupil enrollment declines.

The report also asserts that there is a high quality in the teachers with less than five years teaching experience and that scholastic aptitude test scores are rising. There is a high level of satisfaction of teachers with the job, and teachers are not ready to go elsewhere.

As to certification, states are making it harder than ever to get certificates, but more people are getting them. Further, certification of itself does not make a good teacher.

This document reported a surplus of teachers in Wisconsin, and that the state anticipated no shortages.

The document stated that the \$25,257 average salary of a public school teacher in 1985-86 was up 31 percent from the 1981-82 figure of \$19,270. The average American worker earnings rose only 18%. Between 1981 and 1986 salaries for professionals like engineers, lawyers, accountants, chemists and job analysts rose 22%.

The average earnings of Americans ages 35 to 44 with four or more years of college was \$32,094 in 1985, but mean earnings of males were \$39,874 and females \$19,634. For full-time, year-round workers the mean earnings were \$36,792, and for males in this group \$42,337 and females \$24,604. Teachers of the same age group with 9 to 10 month contracts average \$24,936, with males averaging \$26,538 and females \$24,016.

The document reports 88% of teachers felt they are not paid enough as compared to 50% of all workers, but had a higher level of satisfaction with their work. A Gallup poll reported that the public would pay teachers with 15 years experience about \$3000 more than they are being paid. The document reports however that only 13.5% of male "baby-boomers" and 2.1% of women in the 25 to 44 year group made \$30,000 or more.

The document states that every state has responded to the need to raise salaries for teachers, and they are no longer out of line with what they can reasonably expect to make in most other occupations requiring a college degree. There are big jumps in average and starting salaries (Dist. Ex. 29).

A 1986 Carnegie Corporation report, "A Nation Prepared: Teachers for the 21st Century", contends that America's ability to compete in world markets is eroding because people are not educated enough or skilled enough to compete. More demanding educational standards are required and new well-educated teachers must be prepared to assume new powers and redesign the schools. Besides establishing new teaching standards and educational levels for teachers, teachers' salaries and career opportunities should be made competitive with those in other professions.

This report recommended that entering, average, and the range of teachers' salaries should be increased to levels adequate to attract and retain teachers of high academic levels, but recommended a salary system based on function, competence, seniority, and productivity and not on credits. It said teacher salaries are extraordinarily compressed when compared to other occupations demanding a college degree (ULE Ex. B-1).

A document, "Task Force on Teaching," a portion of a larger document, "Time for Results - the Governor's 1991 Report on Education" was ULE Exhibit 2. This document addressed the improvement of education and getting a sufficient number of teachers of high quality. It states among other things that academically able teachers leave at twice the rate of the least able. Among other things, also, teachers leave because salaries and status are higher elsewhere. The document was issued in August 1986. A critical future need of teachers was envisioned.

A Rand publication of July 1984, "Beyond the Commission Reports - The Coming Crisis in Teaching," in discussing a coming shortage of qualified teachers particularly in specialized fields, recommended among other things, "professionally competitive salaries for teachers," which in the current marketplace meant a starting salary of \$20,000 and a career top of \$50,000 (ULE Ex. B-3).

A Gallup poll reported in September 1986 that the average salary which the people polled thought a beginning teacher should have was \$21,300 and a median salary of \$19,500. The principal percentage of persons recommended salaries from \$14,000 to \$25,000.

However, 52% of the people polled did not want taxes raised and almost three fourths of the persons wanted any additional money for schools to come from taxes like those on alcohol and tobacco, or from a lottery (ULE B-4).

In its exhibits, ULE called attention to Farmland Preservation Credits in Wisconsin and the amount paid to farmers operating in the counties of the state. Dodge County had 487 credits to the amount of \$809,000, or an average credit of \$1,661. Jefferson County had 1,131 credits, amounting to an average of \$1,890,750 for an average of \$1,672. This was for 1985 (ULE Ex. B-5).

A report on the "Financial Status of Wisconsin Farming 1986" from the University of Wisconsin reported that the financial problems of Wisconsin farmers worsened since 1986 and from 2,000 to 7,000 Wisconsin farmers (2.5% to 9%) would liquidate for financial reasons in 1986. These would be the heavily leveraged farmers. An argument was made that the school tax as a property tax could be reduced by the revision of the state school aid formula to make educational spending less dependent on the property tax. Property tax is about 5.6% of Wisconsin farm production expenses. The state is among the top states in property tax per acre and tax per dollar of farm income (ULE Ex. B-6).

A paper on "The Property Tax and Agriculture" by Richard Barrows, University of Wisconsin-Madison, February 1986, asserted that the farm property tax paid in 1985 was more than three times the tax paid in 1974, a change due to increased total property tax levies and rapid increases in agricultural land value. The tax is high compared to other states, Wisconsin farmers at a "slight competitive disadvantage."

One reason for the high agricultural property tax is that Wisconsin is one of the few states that have above average spending for public schools and pay a large share of school costs at the local level. One way to solve this particular aspect of the farm problem is to increase the percentage of school costs paid by the state, but this would require some means to control local spending. Other methods also could be used to reduce the property tax which, however, has an advantage in local control (ULE Ex. B-7).

A "Final Report" of a Governor's Commission on Agriculture of June 1985 said that Wisconsin's agriculture was in the midst of the worst financial stress since the Great Depression. It said that the most effective state action would be to reduce the property tax by providing school aids and tax credits to property owners. The short-run answer would be to increase tax credits in the Farmland Preservation Program, and in the long-run there should be greatly increased state funding of public elementary and secondary education, elimination of incentives for tax loss farming, and a one cent increase in sales tax. The state should assist in marketing, research, programs in farm profitability, and developing new products and marketing, among other things (ULE Ex. B-8).

The following information is derived from District Exhibit 7:

TABLE XX

PERCENTAGE INCREASE IN EQUALIZED VALUE AND TAX LEVIES IN MUNICIPALITIES IN THE WATERTOWN UNIFIED SCHOOL DISTRICT, 1985-86 TO 1986-87

<u>Municipality</u>	<u>County</u>	<u>Valuation Inc. %</u>	<u>Tax Levy Inc. %</u>
Watertown	Jefferson	2.49	17.27
Watertown	Dodge	2.52	17.26
Clyman	Dodge	-28.92	-19.05
Emmet	Dodge	-15.77	- 3.65
Lebanon	Dodge	-20.23	- 8.81
Lowell	Dodge	-32.66	-25.15
Shields	Dodge	-18.79	- 7.13
Concord	Jefferson	-14.40	- 2.12
Farmington	Jefferson	-17.39	-13.15
Ixonia	Jefferson	-14.34	- 2.07
Milford	Jefferson	-19.36	- 8.39
Town of Watertown	Jefferson	-13.06	- 0.53
Entire District		- 4.5	

This exhibit reported that the City of Watertown taken alone had a share of the total levy that increased from 62.93% in 1985-86 to 67.55% in 1986-87. The City increase resulted in a 2.42 mill tax rate increase. Although in a four year period equalized property values increased in the City of Watertown, they decreased in the school district 3.22%.

The following table is also derived from District Exhibit 7:

TABLE XXI

RANK OF WATERTOWN IN EQUALIZED VALUATION, TAX LEVY AND MILL RATE IN THIRTEEN COMPARABLE DISTRICTS, 1986-87

<u>Watertown Plus</u>	<u>Equalized Value</u>	<u>Total Levy</u>	<u>Mill Rate</u>
1983 Primary Group (6 Dist.)	3	5	4
Secondary Group (3 Dist.)	2	2	2
Tertiary Group (3 Dist.)	1	1	1
13 Districts	4	6	6
* * * * *			

TABLE XXII

RANK OF WATERTOWN IN MILL RATE, 1982/83 AND 1986/87 IN THIRTEEN COMPARABLE DISTRICTS (HIGHEST RANK=1)

	<u>1983 Primary Group (7 Dists.)</u>	<u>Secondary Group (3 Dists.)</u>	<u>Tertiary Group (3 Dists.)</u>	<u>13 Districts</u>
1982-83	6	3	3	11
1986-87	4	2	4	8

The five year percentage increase for Watertown was 54.87%, the highest percentage increase in the thirteen individual districts.

The succeeding table relates to a five-year change in equalized value and is derived from District Exhibit 7:

TABLE XXIII

RANK OF WATERTOWN IN CHANGE OF EQUALIZED VALUES OF THIRTEEN DISTRICTS 1982-83 TO 1986-87

<u>Rank 1982-83</u>	<u>Rank 1986-87</u>	<u>5 Yr. Variation</u>	<u>% Change</u>	<u>Variation Rank</u>
4	4	\$4,318,600	-0.83	9

The five year variation of equalized value in the thirteen districts ranged from +\$55,367,615 to -\$31,186,389 and from +7.11% to -11.65%.

ULE POSITION SUMMARIZED. ULE notes that public education and teacher salaries have been studied by many groups. It notes that the Governor's Commission study recommended improving teacher compensation at entry and throughout the career, and that other groups also support the increasing of teachers' salaries to a level competitive with other professionals. It asserts that the teachers' salaries in real dollar terms have declined between 1971 and 1981. The various studies submitted in evidence by ULE show that the public has an interest in better teacher salaries in order to maintain a viable educational system.

As to funding such improved salaries, ULE points to the Gallup Poll of public attitudes where the people polled want the level of teachers' salaries to be about \$21,000, but also want such increases to be paid by taxes in alcohol, cigaret taxes, or by a lottery.

As to unemployment ULE argues that it is down this year in Dodge and Jefferson Counties. ULE says that the total package increase from 1984-85 to 1985-86 at 8.86% when unemployment was higher, was greater than what is being sought now.

As to agricultural interests, ULE points to the Farmland Preservation Law of 1977 which helps farmers with a property tax up to \$6,000. There is a high level of participation in this program in Jefferson County, one of the four initial participants, and there is increased participation in Dodge County. Farmers can get tax relief directly from the state.

ULE refers to the document, "Financial Status of Wisconsin Farming, 1986", which speaks of agricultural over production and farmland investment at a time of escalating land prices, all of which have been affected by national and international monetary, fiscal and trade patterns. These are matters for consideration now by the state in formulation of policy.

Citing other documents which assert that Wisconsin farmers are only at a slight disadvantage with farmers in other states, ULE points to those documents' contention that tax relief can come from the state in property tax relief measures, in farmland preservation credits, in keeping up with actual changes in land values which will make the school equalization aid most currently adjusted, and through assistance in marketing and soil conservation grants. ULE states that agriculture is a business and must be thought of as such.

As to the District budget, the ULE asserts that it did not bargain the budget or set the levy. There is money in the budget, and the teacher complement for 1986-87 could have been funded with no increase. Thus when the District asserts that the District offer must be selected on the budget alone to keep on a lid and to avoid onerous taxes, it is an improperly put issue. The proper funding of public education through property tax changes is a question for the legislature and not for interest arbitration.

Also one must note the fact that the documents in evidence show teachers are paid at a level far below other professionals. ULE's proposal does not cause a tax increase, and its proposal is warranted by public policy, as well as being generally comparable with other districts.

DISTRICT POSITION SUMMARIZED. The District has argued strongly for the need for budget restraint. These arguments have been recited in the section dealing with the ability of the unit of government to meet the costs. The District further argues that a rejection of the ULE excessive offer is in the public interest, because it will lessen the relatively great burden on the District taxpayers. It asserts that the increases have had a disproportionate effect on the taxpayers. Salaries and benefits have increased approximately 16% over the last two years, but local taxes have increased 41%. This has been compounded by a four year drop in equalized

values with a 5.1% drop in the last year. The mill rate increase has been approximately 55% over the last five years and 16.15% for this last year even with budget cuts. City of Watertown residents had to pay an increase in property taxes exceeding the levy because rural property values declined.

The District says that with its mill rate increase of 16.2% it has experienced a 54.95% increase among all the comparable districts, the highest rate. Given these rate increases, there is also a dramatic increase in delinquent taxes, 17.5% up in Jefferson County and 10.7% up in Dodge County. In Washington and Waukesha Counties respectively the increase of delinquency is less - actually down in Waukesha.

The District also compared the ratio of the average teachers' salaries to average taxpayer income in the comparable districts in its brief. The following table is abstracted therefrom:

TABLE XXIV
COMPARISON OF AVERAGE TEACHER SALARIES TO
AVERAGE TOTAL INCOME PER TAX RETURN IN COMPARABLE DISTRICTS

	<u>1985-86 Aver. Teacher Salary</u>	<u>1985 Average Total Income Per Tax Return</u>	<u>Ratio</u>
Group of 5 Primary Districts			
Average	26,446	23,284	1.15
Watertown	26,553	18,850	1.41
Difference	+109	-4,434	0.26
Overall Group of 10 Districts			
Average	25,693	22,426	1.17
Watertown	26,555	18,856	1.41
Difference	+862	-3,576	0.24

The District says that Watertown has the lowest 1985 average income per tax return for any of the districts, but has teacher incomes which exceed the average, and its ratio of average teacher salaries to average income return is therefore the highest. A similar outcome occurs when all of the districts are considered and compared to all districts except that in this case, Watertown's ratio at 1.41 is only slightly behind that of Whitewater with a 1.42 ratio.

When the 1985 average total income per tax return is compared to all the settled districts and Waukesha and Elmbrook, the results are as follows:

	<u>1986-87 Aver. Salary</u>	<u>1985 Aver. Total Income Per Return</u>	<u>Ratio</u>
Average of 9 Districts	28,810	24,339	1.18
District Offer	28,455	18,850	1.51
Difference	-355	-5,489	+0.33
ULE Offer	28,855	18,850	1.53
Difference	+45	-5,489	+0.35

The District in referring to the unemployment conditions in the area, says that when the District settled in the previous year, it was reluctant to settle at the level it did, and when it did settle as one of the last, it attempted to meet the comparables. The unemployment rate in the District is higher than in the surrounding areas.

DISCUSSION AND OPINION. From the foregoing presentation of information from the parties' exhibit, it is evident that there is a problem for farmers in the school district with declining land prices and sales who have to pay property taxes of which school taxes are a large part. Any reduction of school taxes might make them more competitive. However, it is noted that they are only at a slight competitive disadvantage. The question then is, does this argue for lower or non-comparable teacher salaries? It does point in that direction, even though teacher salaries are only a part of total school costs. This fact must be considered against the public interest expressed nationally for better teacher salaries - salaries that will attract and retain the best teachers to make the nation competitive. On this issue, the arbitrator is of the opinion that the national public interest for a competitive level for teachers' salaries outweighs the current interest of the farm operators for lower school costs and hence salaries, because of a slight competitive disadvantage. The arbitrator is persuaded by the evidence presented that farm relief must be provided by the state and federal government in a form other than non-competitive salaries for educational professionals.

As to the matter of the tax increases in the District, there has indeed been a relatively higher percentage mill tax increase in the District in comparison to other districts. However the mill tax rate itself is not high in comparison to that in other districts in that Watertown had the 11th rank in mill rate in 1982-83 which went up to 8th in 1986-87. The tax rate thus is higher in most other districts.

As to the budget pressure, again the evidence is clear that in the last year there has been enough pressure on a budget rise to cause the District to engage in layoffs and encourage retirements. Is this factor then alone enough to hold that the lower teacher average increase of the District is justified? This condition must be weighed against the need for catch-up in the District as previously noted and the authoritative opinion of various commissions and groups that in general teachers' entry level and career salaries need to increase. The arbitrator is of the opinion that the latter two conditions are more weighty than the condition of budget pressure alone.

On the matter of whether there will be a teacher shortage, the evidence is that in Wisconsin in the next five years there will likely not be a teacher shortage, except in specialities. One of these specialities will be that of mathematics. A deficiency in this area will be serious, but it is not argued here that this prospective deficiency should be the reason for a rise in all salaries. The arbitrator holds that the danger of a prospective shortage in teachers is not sufficiently great in Wisconsin of itself to be the cause for a more rapid increase in salaries. Rather the main reason for an upward movement in teacher salaries is in the hope of the recruiting and retention of the more skilled and competent teachers who otherwise would leave or as students would never consider teaching. The arbitrator is persuaded that a strong case has been made for a general raising of the level of teachers' salaries in line with other professionals.

On the matter of comparing average salaries of teachers with average salaries in a community with the implication that teachers' salaries should not exceed those in the average of the community, this presents a problem, for such comparing is useful only as a limited method of analysis. Teachers in the view of the arbitrator need to be compared primarily with teachers at least on an area basis. Teachers in a school district whose taxpayers are largely business and professional people are likely to have a lower average income. Teachers in an industrial worker community are likely to have a higher income than the average taxpayer. The comparison of average teacher salaries to average taxpayer income is not without value, of course, and is another way of looking at the ability of the community to meet the costs of education. In this case the arbitrator is of the opinion that teacher salary-taxpayer income is not sufficiently compelling to cause the Watertown teacher salary system not to maintain its benchmark rank among the comparables.

The degree of unemployment in Dodge and Jefferson Counties in which the unified school district lies is a factor to be considered. Even though it is less now than in the previous year, it is nevertheless a negative factor for an increase in wages in public service.

A decrease in equalized values in rural Dodge and Jefferson Counties and an increase in tax delinquency is also a factor negative for an increase in the cost of government, except that even with the increase in delinquency, the delinquency appears to be a relatively small part of the total taxes levied.

This brings the matter to a major consideration: is the public interest, short-term and long-term, best served by the higher movement upward in the ULE offer in teachers' salaries than in the District offer? As to the short-term aspect, it has been noted earlier that a catch-up situation exists, and keeping the salaries comparable can be considered in the public interest.

As to the long-term public interest, the arbitrator is persuaded by exhibits both of the District and ULE that the public interest is served by improving the level of teachers' salaries, especially at the entry level. The ULE offer more nearly meets this interest now, despite the other factors, such as the cost of living changes, budgetary conditions, and mill rate in which the District offer is more comparable.

It is the opinion of the arbitrator that the public interest on the wage level is better served by the ULE offer than the District offer.

XVI. CHANGES DURING THE PENDENCY OF THE PROCEEDINGS. Changes during the pendency of the proceedings are evidenced in this report by information on final offers made in unsettled comparable districts.

XVII. SUMMARY. The following is a summary of the conclusions of the arbitrator.

1. There is no lawful reason why the District cannot meet the terms of either offer.
2. The parties have stipulated as to all other matters between them.
3. The unit of government can meet the costs of either offer.
4. The ULE offer on wages is more comparable as to benchmark levels to be reached, even though it is high in average teacher salary and average total increase. A catch-up situation exists which justifies the ULE offer.
5. The District offer is more comparable to the change in the cost of living.
6. The District offer is more comparable percentage-wise to percentage changes in governmental units in Dodge and Jefferson Counties, but these percentage changes relate mostly to non-professional employees.
7. The percentage increases offered by the District exceed percentage changes in private employment, including the private professional level.
8. The proposal of ULE for a new layoff/recall provision, while it has merit for recognition of certification and seniority in place of seniority by department, grade level, or program only, is too extensive in its changes, and it would be better for the parties to negotiate the provisions of layoff/recall that are that extensive.

9. The public interest generally favors improving teacher entry level and career salaries to ensure a high competence of staff in a competitive world. Salaries of teachers are substantially below the level of other professionals. The ULE offer more nearly meets this aspect of the public interest, even though there are adverse factors in tax mill rate increases, budgetary constraints, and decline in equalized valuation in the rural areas of the Watertown School District.

10. Of the foregoing factors, the arbitrator considers the matters of wage level comparability and of the public interest, both of which favor the ULE offer, and the layoff/recall provision, which favors the District offer, the most weighty. The disadvantages of the ULE layoff and recall provision are not sufficient to outweigh the wage level comparability and the general public interest in teacher wage levels. Thus the following award is made.

XVIII. AWARD. The collective bargaining agreement between the Watertown Unified School District and the United Lakewood Educators should contain the offer of the United Lakewood Educators.



FRANK P. ZEIDLER
MEDIATOR/ARBITRATOR

DATE

March 7, 1987