

APR 10 1987

WISCONSIN ASSOCIATION OF SCHOOL BOARDS, INC.  
RELATIONS COMMISSION

BEFORE THE MEDIATOR/ARBITRATOR

```

-----X
:
In the Matter of the Petition of :
:
LUXEMBURG-CASCO SCHOOL DISTRICT : Case 10
:
To Initiate Mediation-Arbitration : No. 37281 Med/Arb-3973
Between said Petitioner and : Decision No. 24049-A
:
LUXEMBURG-CASCO EDUCATION :
ASSOCIATION :
-----X

```

APPEARANCES: William G. Bracken, Director, Employee Relations, Wisconsin Association of School Boards, Inc., appearing on behalf of the District.

Dennis W. Muehl, Executive Director, Bayland Teachers United, appearing on behalf of the Association.

ARBITRATION AWARD

Luxemburg-Casco School District, hereinafter referred to as the District or Employer, and Luxemburg-Casco Education Association, hereinafter referred to as the Association, were unable to voluntarily resolve certain issues in dispute in their negotiations pursuant to the reopener provision of their 1985-1988 collective bargaining agreement. On July 15, 1986, the District filed a petition with the Wisconsin Employment Relations Commission (WERC) for the purpose of initiating mediation/arbitration pursuant to the provisions of Section 111.70(4)(cm)6. of the Wisconsin Statutes. The WERC investigated the dispute and, upon determining that there was an impasse which could not be resolved through mediation, certified the matter to mediation/arbitration by order dated October 29, 1986. The parties selected the undersigned from a panel of mediator/arbitrators submitted to them by the WERC and the WERC issued an order, dated November 17, 1986, appointing the undersigned as mediator/arbitrator. A meeting was scheduled for January 28, 1987 for the purpose of endeavoring to mediate the dispute and, in the event mediation did not resolve the dispute, to hold an arbitration hearing in the matter. A timely petition was filed by five citizens of the District, requesting a public hearing, and a public hearing was held at the outset of the meeting on January 28, 1987. After the public hearing concluded, the undersigned endeavored to mediate the dispute and the parties agreed to resolve one of the issues in dispute, compensation for extra duties performed during the 1986-1987 school year, and modified their final offers by entering into a written stipulation with regard to such compensation. Neither party indicated a desire to withdraw its final offer and an arbitration hearing was held at that time. Post-hearing briefs were filed and exchanged on March 10, 1987. Full consideration has been given to the evidence and arguments presented in rendering the award which follows.

ISSUES IN DISPUTE

Under the reopener provision of the agreement "salary items" for the 1986-1987 school year were subject to negotiations. As noted above, the parties were initially unable to resolve the issue of compensation for extra duty work performed during

the 1986-1987 school year, but agreed to resolve that issue in mediation before the mediator/arbitrator. The remaining issue or issues relate solely to the salary schedule for the 1986-1987 school year.

Under the Board's final offer, the BS base would increase by \$450.00 to \$15,870.00 and all steps in the salary schedule would be adjusted in accordance with the existing salary structure. Its proposal would generate per cell increases ranging between 2.6% and 2.9% or \$450.00 and \$743.00. When step increases are taken into account, utilizing the "cast forward" method of analysis, the average teacher would receive an increase of \$1,138.00 or 4.8%, from \$23,507.00 to \$24,645.00. When the "roll-up" cost of maintaining fringe benefits is taken into account, the cost per teacher amounts to \$1,491.00, which likewise amounts to an increase of approximately 4.8%. A copy of the Board's final offer is attached hereto as Appendix A.

Under the Association's final offer, the BS base would be increased by \$900.00 to \$16,320.00. In addition, \$50.00 would be added to the base salary at each of the additional seven lanes in the existing salary schedule. This combination of increases would result in increases at each step of the schedule ranging from a low of 5.8% to a high of 7.3% or from \$900.00 to \$2,062.00. The average salary under the new schedule, based upon the "cast forward" method of analysis, would increase by \$1,966.00 or 8.4%, from \$23,507.00 to \$25,473.00. When the "roll-up" cost of maintaining fringe benefits is taken into account, the increase in cost for the average teacher, using the same method of analysis, would be \$2,557.00 or approximately 8.1%. The Association's proposed salary schedule is attached hereto as Appendix B.

There are 91.67 FTE teachers in the District. The 1985-1986 cost for salary alone was \$2,154,869. The Board's offer would increase that cost by \$104,314.00 to \$2,259,183. The Association's offer would increase that cost by \$180,418.00 to \$2,335,287. Thus, the difference in cost between the two offers, for salary alone, is \$76,104.00 or 3.53% of the 1985-1986 cost. The total dollar difference between the two final offers is \$94,649.00 or \$1,022.00 per full-time teacher, if the cost of the settlement of extra duty compensation is ignored. That cost would not have a significant impact on the total cost figures.

#### DISTRICT'S POSITION

According to the District, there are two issues in dispute. The first relates to the appropriate salary increase and the second relates to the Association's proposal to change the structure of the salary schedule by increasing the horizontal lane increment from \$150.00 to \$200.00 in each lane.

While the District acknowledges that all of the statutory criteria must be given appropriate consideration, it argues that the facts in this case require that the primary emphasis be placed upon the "economic and political environment" as it relates to the collective bargaining dispute in this case. This is so because there are so few comparable teacher settlements

available and because of the current emphasis being placed on property tax relief through spending restraint. Citing the findings and recommendations of the Wisconsin Expenditure Commission and, in particular, its conclusion that interest arbitration awards should be limited to the same percentage increase allowed for in the State budget (estimated to be in the neighborhood of 3% or 4%), and the evidence concerning the economic circumstances of taxpayers in the District, the District argues that the final offers in this case should be evaluated in light of those findings and recommendations and circumstances.

With regard to the criterion of comparability, the District notes that the parties are in near agreement as to the identity of the school districts which should be included in the "primary" comparability grouping. While the Association would limit the primary group to the "peninsula" districts, the District maintains that all districts in the athletic conference, which now includes Oconto and Oconto Falls, should be included in the primary group. In support of this position, the District cites the decision of Arbitrator Weisberger in Southern Door County School District<sup>1</sup>. The District contends that Oconto and Oconto Falls should be included because of their similar size and socio-economic characteristics. In fact, as Arbitrator Weisberger noted, there are some variations among the "peninsula" districts which make them arguably less comparable than Oconto and Oconto Falls. While Arbitrator Yaffe in School District of Kewaunee<sup>2</sup>, declined to include Oconto and Oconto Falls as primary comparables, he otherwise had a complete set of comparables to consider. In fact, the Association's own evidence regarding prior arbitration awards in the athletic conference combined to make a compelling argument in favor of relying upon comparisons within the athletic conference rather than statewide averages or CESA No. 7 averages, according to the District. While only one of the school districts in the primary group (Oconto) had reached a tentative agreement prior to the close of the record herein, that fact merely renders the comparability criterion of less significance than the other statutory criteria, in the District's view. If the lack of primary comparability data is used as a basis for relying upon broader comparability groupings, such as those advocated by the Union, it will encourage "comparability shopping" and seriously undermine future collective bargaining efforts.

According to the District, the Association has failed to introduce any objective evidence which establishes a reasonable basis or foundation for comparisons to the other districts in its proposed comparability groupings. A close scrutiny of its exhibits establishes that it relies upon one, isolated factor, i.e., size, and ignores the many factors which have been identified as relevant for purposes of determining comparability. In the District's view, the burden of proof for expanding the pool of comparables beyond the athletic conference is on the Association and it has failed to meet that burden of proof in this case. The District cites several arbitration awards discussing the general reliance upon athletic conference schools and the burden of proof in this connection. The District also cites a number of arbitration awards wherein the arbitrator refused to place reliance upon statewide data, such as that being advanced by the Association in this case. Again citing a number of arbitration awards, the District argues that

---

<sup>1</sup>Decision No. 22136, 6/85.

<sup>2</sup>Decision No. 23382-A, 9/86

arbitrators have "traditionally and consistently" relied upon athletic conferences as the primary group of comparables and argues that there are significant similarities between the schools in the Packerland athletic conference to justify the use of the athletic conference in this case. The factors include the number of pupils, number of teachers, pupil-teacher ratio, expenditures per pupil, equalized valuation per pupil, tax level per pupil and the total levy rate.

As an additional reason for rejecting any reliance upon the comparables proposed by the Association, the District argues that the Association's data fails to establish how many of the districts in question have adopted non-traditional salary schedules and multi-year agreements. Both of these factors have become increasingly common, according to the District, and arbitrators have recognized the lack of comparability which results at traditional benchmark positions in these circumstances. The timing of settlements has been recognized by arbitrators as having an important influence upon the relative weight given to comparability data relating to the level of settlements.

Instead of expanding the comparables to include other districts which are not in fact comparable, the District urges the arbitrator to place greater emphasis on the other statutory criteria. In one case Arbitrator Petri, when faced with a similar problem in the School District of Valders case<sup>3</sup>, relied upon private sector comparisons rather than using statewide comparisons. In similar circumstances, Arbitrator Yaffe considered other internal comparisons in New Holstein School District<sup>4</sup>. The District cites other arbitration awards for the same result.

Turning to the evidence concerning the cost of the two final offers, the District notes that the Association did not place any cost data in the record. According to the District, this indicates that the Association either is not concerned with the cost of its offer or realizes that its offer is too high in terms of cost. In either event, the District argues that its cost data should be accepted as accurate and supportive of its own position.

According to the District, the Union's proposal to increase the lane differential constitutes a fundamental change in the salary schedule structure which ought not be imposed by arbitration (as opposed to negotiation between the parties) in the absence of strong evidence supporting a need for such a change. Citing arbitration awards dealing with proposals to change the status quo, the District contends that the Association has an obligation to present an extremely persuasive case if it is to succeed in making such a change through arbitration. In the District's view, the Association seeks to achieve a change it could never have secured in negotiations, particularly while making a wage proposal costing 8.4% in wages alone and 8.1% overall. The District notes that 53% of the staff is concentrated in the BS lane and argues that there is no reason to "squander scarce dollars" by giving larger increases to those employees advanced on the salary schedule. This is not a case where the Association has offered the District some financial inducement for making such a change and numerous arbitration awards have supported the principle that interest arbitration is not the appropriate way to seek

---

<sup>3</sup>Decision No. 19804-A, 3/83

<sup>4</sup>Decision No. 22898-A, 3/86

basic changes in working conditions, absent a compelling reason for doing so.

In addition, the Association's proposal to increase the lane differential is unreasonable, according to the District. Its proposal would increase the lane differential by a "staggering" 33% at a time when inflation is running at approximately 1%. Also, the District questions the importance and accuracy of the Association's evidence concerning the relatively low BS and MS base figures in the District. The District notes that the staff is "relatively young" and that the cost of any settlement tends to be higher, expressed as a percentage, because most employees are eligible for an increment. Also, the scattergram establishes that over half of the staff is in the BS lane, which fact draws into question the wisdom of spending scarce dollars on such a change in the salary structure. Finally, the District notes that it has eight lanes, which compares quite favorably with other school districts in the athletic conference and exceeds the number of lanes in seven of those districts. Similarly, the District has more lanes at the BS level than any of those districts. Thus, according to the District, the Association is seeking the "best of both worlds" by its proposal.

Turning to the application of the statutory criteria to the specific facts in this case, the District argues as follows:

#### Interest and Welfare of the Public

The Board argues that, given the current disinflationary environment and the current economic turmoil faced by farmers, the interest and welfare of the public are best reflected in its final offer. To grant an 8.4% salary increase as proposed by the Association would "ignore economic reality," according to the District. In support of this contention, the District cites evidence in the record concerning property taxes, spending by local governments and political concern expressed about both in Wisconsin, as reflected in numerous documents introduced into evidence at the hearing. Of particular significance, according to the District, is the fact that it has the highest concentration of farmers among the comparable districts. It cites a number of exhibits relating to the economic conditions affecting farmers in Wisconsin, also supported by numerous exhibits in the record.

Given the political environment which exists, the Board argues that it had no choice but to propose a final offer which included a modest increase in teacher salaries. The combination of high taxes on citizens with below average income has been made worse by the fact that the District has continued to spend at a rate outpacing inflation and the growth in personal income by a larger margin than ever before. Such a trend cannot continue, according to the District, and it is that fact which is forcing the Legislature to look at ways of reducing spending in Wisconsin.

---

<sup>5</sup>The Association objected to certain statements contained in the District's brief which were not supported by evidence in the record and those factual assertions have not been considered in this case.

The District cites a number of arbitration awards wherein the arbitrator discussed the interest and welfare of the public in relation to the final offers. Those awards reflect that there is often a difference and conflict between the general public interest and the interest of employees and that consideration of the public interest must necessarily include consideration of the impact of the cost of the agreement. This case is one in which the public interest is of greater consequence to the outcome than comparability data, it argues. A 4.8% increase in an economy having an inflation rate of 1.1% is far more responsible and reasonable in relation to the public interest than is a demand for an increase of 8.4% in wages alone. Such a proposal will require further economic hardship on the part of taxpayers and frustrate legislative efforts at property tax relief. The Board cites a number of arbitration awards wherein the arbitrator discussed local economic conditions, particularly conditions affecting a predominantly rural district, and found them supportive of the Employer's offer.

#### Comparability Data

Although the Board contends that the interest and welfare of the public criterion ought to be controlling on the facts in this case, it also argues that the limited, available comparability data supports its offer. Thus, in terms of existing salary schedules, the Board argues that its offer compares quite favorably to other districts in the Packerland athletic conference. Data with regard to years prior to the 1985-1986 school year is less relevant, according to the District, since it is to be assumed that the parties disposed of all wage determination considerations at the time of their last voluntary settlement. Only one district has settled for the current school year, i.e., Oconto -- which the Association challenges as not being comparable -- and that settlement does not really support either final offer, according to the District.

Reiterating objections raised at the hearing, the District contends that the Association's evidence concerning the bargaining goals of the Wisconsin Association of School Boards for 1986-1987 are totally irrelevant to this proceeding. In the District's view, the outcome of this proceeding should turn upon which offer is the most reasonable under the statutory criteria and no useful purpose is served by an effort to "attempt to reconstruct how the parties got to the point they are at."

According to the District, the available data demonstrates that the District is not in a "catch-up" position. Certain of the Association's exhibits relating to historical benchmark positions are unsupported in the record, according to the District, and, at times, ignore the \$900.00 longevity payment at the maximum step. Further, the use of benchmark analysis has become far less valuable, according to the District, because of the prevalence of non-traditional salary schedules and various "trade-offs" in bargaining. The District also questions the use of "weighted averages" by the Association because of differences in placement on the schedule in various districts.

In fact, the evidence shows that the District has not changed rank appreciably over the last several years and the parties have evidenced an intent to accept their relative ranking by voluntary settlements over those years, according to the District. The District has more salary lanes than other districts and the \$900.00 "top step" causes the District to compare favorably at the lane maximums. While the District admits that it is slightly below the average at several points of comparison, it argues that it is not particularly far out of

line and it must be recognized that "not every district can be above the average." Other differences between salary schedules should be given consideration, such as the fact that the District's salary schedule only goes to six credits beyond the master's degree, whereas others go far beyond that point. Further evidence of the reasonableness of the salary comparisons is found in the fact that the District has not experienced a problem with turnover.

Private sector comparisons are valid under the statutory criteria and, the District argues, its evidence demonstrates that no other employee group in the area, state or country, is obtaining salary settlements in the magnitude of 8.4% at this time. Reviewing in detail the numerous exhibits relating to such increases, the District argues that the range of increases is between 1 and 5%, clearly supporting the Board's final offer. The Board cites a number of arbitration awards wherein consideration was given to private sector settlements under the statutory criteria. In particular, the District notes the testimony and other evidence concerning the District's effort to survey local employers, public and private, who have granted increases ranging from 1% to 4.5%. Citing a recent arbitration award reviewing similar data, the Board argues that it is the overall rate of increase, including the cost of increments or other similar wage costs that is relevant for this purpose.

The District also points to the magnitude of last year's settlement, whereby the Association received an increase in salary alone of 9.1%, at a total package cost of 9.4%. That settlement was the second highest percentage increase among all of the comparable schools and also constituted the highest average dollar increase per teacher among those schools. While the average salary in the District is slightly below average, that fact is attributable to the fact that the staff is relatively less experienced, as reflected in the fact that it has the lowest percentage of teachers at the top of the salary schedule. Even so, its average annual salary is only \$500.00 below the conference average, reflecting a relatively tight grouping of salaries among the 11 comparable schools.

A historical review of salary increases also reflects that there has been a declining trend in the level of settlements (with 1985-1986 being an exception) and that the District has granted increases in the magnitude of 8.4% to 10.5% in the recent past. Given the current budgetary constraints and conditions referred to above, a more moderate increase is clearly warranted for this school year, according to the District.

#### Cost of Living

The District notes that the percentage increase in the cost of living as measured by the Consumer Price Index for the one year period prior to the current school year was a modest 1.2% and that its final offer exceeds that increase by 3.6%. On the other hand, the Association's final offer exceeds that increase by 6.9%, a rate which is clearly unwarranted under this criterion, according to the District. Changes in the cost of living are not reflected by the settlements agreed to voluntarily by other comparable employers and unions, according to the District. Instead, changes in the cost of living are measured by changes in the Consumer Price Index and constitute a separate criterion under the statutory framework. Thus, the cost of living criterion should be given equal importance to the comparability criterion, which is less important in this case because there is only one comparable settlement.

The Union's proposal not only far exceeds the change in the Consumer Price Index, but ignores the changed economic climate that exists, specifically the poor farm economy, according to the District. An 8.4% salary offer ignores the economic realities of the problems facing municipal government and should be rejected as illogical and irresponsible, according to the District. In its view, the Association has offered no sound reason why it should be granted an increase of that magnitude given the current level of public and private sector settlements. This is particularly true when consideration is given to the fact that recent settlements have far exceeded increases in the cost of living, according to data in the record. Further, consideration should be given to the significant fringe benefits that teachers enjoy in the District, and their opportunity to advance by lane movement on the salary schedule. Citing an arbitration award doing so, the District contends that the increase in "real income" reflected in its offer, in relation to the increase in the cost of living during the relevant period, strongly supports its position.

#### Other Factors

Some of the same considerations raised in relation to the interest and welfare of the public also constitute factors that have been normally and traditionally taken into consideration in determining wages, hours and conditions of employment, according to the Employer. While the Association seeks an increase on behalf of its members, the Board has attempted to strike a balance between the clamor of citizens and taxpayers for little or no increase in the school budget and that request. According to the District, the Board has "struck a compromise" by its offer. Instead of offering "no increase," the Board has offered an increase which is both reasonable and responsible under the circumstances. The evidence indicates that "change is in the offing" in the willingness of State legislators and resident taxpayers to accept unchecked increases in school district costs. Reviewing the efforts of the State Legislature to provide property tax relief and the apparent failure of that effort due to increased school spending; comparison of increased school costs to increases in the Consumer Price Index; the establishment of the Wisconsin Expenditure Commission and issues raised in the last gubernatorial election; and other similar evidence, the District argues that the current economic and political climate strongly support its position. The District acknowledges the difficulty of attempting to resolve the dispute in this case, given the absence of any comparability data, but argues that such other considerations provide a basis for resolving the dispute in this case. Increases for teachers in the District have far outstripped those in the private and public sector and the cost of living in recent years, giving teachers significant real income increases, and this too supports the District's offer, it argues.

#### ASSOCIATION'S POSITION

In the Association's view, there is but one issue in dispute, the salary level for teachers in the 1986-1987 school year. According to the Association, it has proposed an increase in base salary of \$900.00 and an increase in the lane differential of \$50.00, with no proposed increase in the \$900.00 longevity payment at the top step of the schedule. Neither this proposal, nor the Board's proposal to increase the base by \$450.00, would change the basic structure of the schedule, according to the Association. Under either proposal the schedule would continue to contain eight educational lanes with 15 steps, including the \$900.00 longevity step, and the step increases



would be based on 5% of the base step in each lane.

With regard to the appropriate districts for comparison purposes, the Association contends that the "peninsula schools" constitute the "historical" comparison pool used by the parties in negotiations and in area arbitration proceedings and that the districts of Oconto and Oconto Falls should be excluded from the primary comparison pool. The Association notes that the Wisconsin Intercollegiate Athletic Association has frequently changed the composition of athletic conferences in recent years and argues that primary comparison groups should not be changed merely because of the change in the composition of an athletic conference. Anticipating that the District would rely upon the decision of Arbitrator Weisberger in Southern Door County School District, cited above, the Association notes that Arbitrator Yaffe declined to do so in School District of Kewaunee, also cited above. Based upon the latter decision and other, earlier decisions, the Association contends that comparisons within the peninsula school districts should not be expanded "across the bay," because of the much greater similarity between the nine districts included in the peninsula group.

With regard to the comparisons drawn by the District to local private sector employers and Kewaunee County, the Association argues that the evidence offered in support of those comparisons should be rejected as "misleading and unvarifiable." Citing arbitration awards dealing with the validity of comparisons between teachers and non-teaching employee groups, the Association argues that the uniqueness of salary structures applicable to teachers, renders such comparisons of little value. Other problems with the evidence presented by the District include: the omission of data concerning the existing average wage rates and the average wage increase granted; the number of college trained employees and experience level of employees; and the non-unionized and small nature of some of the employers. On the other hand, according to the Association, the data concerning the salary range for certain professional employees employed by Kewaunee County do tend to support the Association's offer, in its view. Also, when comparisons are made based upon a straight time hourly rate (assuming a work year of 2080 hours) the annual salary for some of the employees cited compares favorably to the annual salary of teachers, even though teachers are required to earn a college degree, at considerable time and expense.

The Association argues that its comparisons to other professional groups (and certain of the comparisons within Kewaunee County) strongly support a higher salary range for teachers employed by the District. Citing the results of the Northwestern Endicott-Lindquist Report - 1987, for starting salaries in various professions, and other published articles dealing with teacher compensation, the Association points out that beginning teachers in the District are over \$7,000.00 below the average for other professions cited in the Endicott Report.

Because there are no settlements within the primary group of comparables, the Association argues that its evidence concerning the settlements for districts on a statewide basis should be given great weight in this proceeding. According to the Association, when there is evidence of erosion of relative position on a statewide basis, such statewide comparisons are deemed relevant. Further, such comparisons are similar to comparisons made in the private sector between companies within the same industry, it argues.

Utilizing a benchmark analysis among the 150 districts who had reached settlements for the 1986-1987 school year at the time of the hearing herein, the Association points out that the dollar increases and percentage increases generated under its offer more closely approximated the statewide average than would be the case under the District's offer. In fact, the District's offer would "increase the 'loss margin' suffered by Luxemburg-Casco teachers since 1981-82." According to the Association, there is nothing in the record to support such a "continued erosion." Also, the actual dollars earned by teachers at the top steps would compare less favorably, if the \$900.00 longevity pay had been excluded from the Associations' figures, it contends.

Citing data concerning the relative position of District teachers at the various benchmark steps for the period beginning in 1981-1982 and continuing to date, the Association contends that District teachers have "lost rank" at each of the cited benchmarks and that the District's offer would worsen the situation. Citing the benchmark data for the 25 similar size districts that have reached settlements for this year, the Association contends that its offer is closer to the average and, unlike the District's offer, would not continue the drop in rank.

Contrary to the arguments advanced by the District, the Association argues that the statewide comparisons drawn are valid and relevant. Thus, even if it is assumed that some of the statewide settlements included increment freezes, schedule changes and other similar problems, those districts will still hire teachers at the rates provided and the teachers hired will still be paid at the maximums established. This is not comparing "apples to oranges," since dollars paid to new teachers and schedule maximum are important career considerations for teachers, regardless of internal adjustments made to the schedule. It is in this connection, that the Association's proposal to increase the lane differentials has particular merit, according to the Association. In addition to providing a more reasonable increase for teachers in the BS lane, it also provides some "catch-up" in the masters lanes.

According to the Association, the criterion of cost of living should be measured in relation to the historical settlement pattern. It cites several arbitration awards which, in its view, support this approach to applying the cost of living criterion. Thus, in past years of "double digit inflation," districts successfully argued that settlements which did not keep pace with the cost of living as measured by the Consumer Price Index, should be followed because the pattern established by such settlements reflected the appropriate level of settlements required in the face of such cost of living data. According to the Association, arbitrators have recognized this same settlement pattern argument in periods of less moderate increases, when the settlement pattern may well exceed increases in the cost of living. In the case of teachers, it is reasonable to expect that such settlements might exceed those in other occupations, in light of the current emphasis being placed upon the need to increase teacher salaries, which are deemed inadequate.

The historical settlement pattern vis-a-vis cost of living data, particularly at the traditional "benchmark" points on the salary schedule, requires a finding in favor of the Association's offer, it argues. Thus, the rank of teachers at the various benchmarks fell during the period between 1980-1981

and 1985-1986, evidencing a failure to compensate District teachers sufficiently in relation to the cost of living, as measured under the Association's approach. The decline which occurred at the master's degree levels is of special concern, according to the Association, because of the great importance being placed upon the need to increase the pay and prestige of the teaching profession and the "below average" differential enjoyed by District teachers in relation to other peninsula schools. Regardless of percentage figures, there never will be a "catch-up" in this area if the percentages remain the same as those granted to other, comparable districts, because teachers in this District are starting from a lower base, according to the Association.

The Association contends that its proposal is reasonable because the overall compensation of District teachers is not particularly great, in relation to other peninsula school districts. Citing data which takes into account the cost of health and dental insurance, the Association notes that the District's costs are below average in each case. Acknowledging that average salary figures are often not very useful because of different levels of experience, the Association argues that the low average salary in the District is significant for purposes of considering the District's costs. Thus, the District not only is below average in terms of the benchmark comparisons, but is able to pay more because of the below average cost of insurance and overall teacher salaries.

The District cannot justify its "unusually low offer" based upon local economic conditions, according to the Association. Contrary to the District's contentions, those conditions are not particularly bad. The Association points out that the District has already set its budget and offered no evidence that it will be unable to pay the cost of the Association's offer, if it is selected. Data concerning unemployment rates establishes that the unemployment rates in Kewaunee County are the lowest in the area and lower than the statewide average. The evidence concerning the District's taxing effort discloses nothing "unusual," according to the Association, except that its relative effort is lower than that of many other area school districts. Citing data concerning cost per child; state aid received; enrollment figures; pupil-teacher ratios; increases in state aides and property tax credits; and millrates, the Association argues that all such measures tend to support such a conclusion. The property tax objections referred to by the District are largely political and not economical considerations, according to the Association and ought not be used to justify a settlement below that achieved elsewhere. In the Association's view, the District taxpayers are not being overtaxed compared to other districts in the peninsula and school districts should not be "held hostage to a debate over what is the most appropriate way to finance public services."

Anticipating that the District will rely heavily upon evidence concerning the downturn in the farm economy in support of its final offer, the Association argues that agriculture only constitutes a part of the economic picture within the District. While farming may be a major occupation, manufacturing employment makes up a larger part of the employment base and a large percentage of the property is residential in nature. Because of its proximity to the Green Bay area, the Association argues that the District also serves as a "commuter-bedroom community." Also, there is evidence of a turn around in the farm economy, according to the Association. Citing a number of articles and exhibits taking a more optimistic view of the farm economy than that advanced by the District, the

Association argues that the District's view of the farm economy ought not be accepted as the only view or the correct view. Recent census data indicates that the poverty level in the District is no different than that of other peninsula schools and is actually below that of Oconto and Oconto Falls. On the other hand, the average wage income per household was the third highest among the peninsula districts and farm income per household was second highest among those same districts.

According to the Association, the District's arguments concerning the general economic environment suffer from "generality" and should be rejected for that reason as well. Citing arbitration awards which have been critical of arguments based upon such general arguments in support of this position, the Association urges the arbitrator to reject the evidence offered in this case for that same reason. Data concerning the general state of the economy on a national, local or rural level does not provide a basis for rejecting a proposal which is otherwise supported by the evidence, according to the Association. In this case, the District has failed to demonstrate that it is affected by the adverse conditions discussed in its exhibits in such a way that would justify an unusually low settlement.

On the other hand, the Association's proposal is justified as an effort to offset historical wage rate erosion, according to the Association. The pattern of settlements in relation to cost of living has left District teachers on a "downward spiral" it argues and it is that factor which requires selection of the Association's offer. Such selection would be more in the public interest than a selection of the District's offer and there is no showing that the taxpayers of the District would be overburdened or relatively disadvantaged, in relation to other comparable districts in the peninsula group.

Finally, the Association argues that a selection of the District's offer would have adverse ramifications on future negotiations because of the evidence to the effect that the District's offer is consistent with the statewide goal of the Wisconsin Association of School Boards to hold settlements down to a figure no greater than 5% (or \$1,200.00) on salary or 5% total package. The best evidence that this is the case is found in the vehement reaction on the part of the Board's representative when the Association sought to introduce evidence in this regard. While the Association acknowledges that it too has statewide goals, it contends that voluntary settlement patterns should serve as the basis for arbitration awards. An award in favor of the District would have adverse implications in this regard, according to the Association. In the meantime, teachers represented by the Association will have suffered a discount in the value of any settlement achieved, due to the delay involved. If each offer is evaluated in light of the relevant facts, the statutory criteria and this argument, the Association's final offer emerges as the more reasonable offer and should be selected, according to the Association.

#### DISCUSSION

While the District, in its arguments, tends to overstate the significance of the Association's proposal to increase the lane differential by characterizing it as a "fundamental change in the salary schedule structure," that proposal unquestionably constitutes a separable, if not separate, issue in dispute. The cost of such a change is not insubstantial in the short run or long run and the Association does bear the burden of justifying the need for such a change.

With regard to the parties' disagreement on the appropriate primary comparable group, the undersigned is inclined to agree with the Association that the inclusion of Oconto and Oconto Falls ought not automatically follow, simply because they are now included in the same athletic conference. Parties frequently utilize athletic conferences and arbitrators frequently endorse such utilization, because they tend to include districts which are geographically proximate and otherwise comparable on the basis of size and the various measures of political and economic similarity. In the case of Oconto and Oconto Falls, their geographic separation from the "peninsula" districts is a significant factor, especially when combined with the history of internal comparisons among the "peninsula" group. The undersigned recognizes that there are significant variances within the "peninsula" group, in terms of size, rural/urban population, economic base and per pupil property value and other measures having an impact upon relative effort among taxpayers. Even so, one of the fundamental assumptions implicit in the use of a primary comparable pool is the assumption that the employees who work for the employers in that pool compete in the same immediate labor market and work in a similar political, social and economic environment. For these reasons, the undersigned believes that it is appropriate, in the absence of agreement between the parties, to consider the peninsula districts to be the primary comparability group and to consider the athletic conference to constitute a larger, secondary comparability group.

Having determined that the peninsula districts constitute the primary group for purposes of comparisons and that Oconto and Oconto Falls should only be considered for secondary comparison purposes, does little to aid the undersigned in exercising the Hobbins' choice presented by the facts in this case. This is so because the record does not include evidence of any settlement within the primary group and because the isolated settlement with Oconto does not strongly support either final offer. In effect, the undersigned is called upon to decide this case in a near vacuum of relevant comparisons reflecting upon which offer more closely approximates that which should have occurred had the parties been able to reach voluntary settlement under the existing statutory arrangements.

While some might understandably question the demonstrated tendency of arbitrators to stress the importance of the comparability criterion and to subordinate the other statutory criteria where a clear pattern emerges and no other criterion stands out, the undersigned believes that there is generally good reason for doing so. Thus, the District is quite correct when it argues that the cost of living criterion is a separate criterion, but a pattern of settlements among true comparables tends to place the appropriate amount of emphasis on that criterion in a given occupation, time frame and locale. While some arbitrators may have been inarticulate in their description of this relationship between the cost of living and comparable settlements, such analysis does not disregard the cost of living criterion as a separate criterion. The same could be said of certain of the other important criteria, such as the interests and welfare of the public and the financial ability of the government to meet the costs of a proposed settlement. If a particular district is unable or has great difficulty in paying the cost of a proposed settlement, for reasons peculiar to that district, the comparability criterion would be overshadowed by such evidence. The appeal that the comparability criterion has in arbitration lies in its essentially neutral and objective nature in reflecting how other, comparable groups of employees and employers have accommodated the competing

statutory criteria.

The Association would have the undersigned substitute statewide comparisons for the absent local comparisons in this case. In the view of the undersigned, such an approach would lose sight of the reason why local comparisons are given such important consideration in the first place. Further, such an approach would ignore the obvious implications of a failure to achieve local settlements, i.e., that no consensus has developed within the primary comparable group of employers and unions as to the appropriate<sup>6</sup> accommodation of their differences, under the statutory criteria<sup>6</sup>.

For these reasons, the undersigned believes that some consideration should be given to the statewide comparisons drawn by the Association, but that those comparisons have far less significance than would local comparisons. In addition, as the District points out, there are a number of potential problems with such general data, not just limited to non-conventional salary schedule arrangements. Those problems include multi-year agreements, agreements entered into in a different time frame and the fact that it is easier to achieve agreements where the relative level of settlement is "high" for reasons such as a recognized need for "catch-up." Disregarding all of these limitations, for purposes of analysis, it is clear that the statewide data offered by the Association tends to favor its final offer over that of the District, based upon a benchmark analysis of dollar and percentage increases.

The comparisons drawn by the District also suffer from limitations. Thus, comparisons between school teachers and private sector employees employed by small and unorganized employers in non-professional positions are far less persuasive than comparisons to other school teachers employed by comparable school districts on a local level. The comparisons drawn to Kewaunee County employees are deemed more valuable, particularly to the extent that they reflect increases granted to professional employees, but the salary arrangements which exist for such employees and the year round nature of their employment and related working conditions make such comparisons somewhat problematical. Putting these problems aside, for purposes of analysis, those comparisons do tend to favor the District's final offer.

The most valuable comparative data, if it were available, would be comparisons to actual, 1986-1987 salary figures among districts in the comparable group. Thus, the dollar increases or percentage increases provided under either final offer could be evaluated in relation to the apparent need for such dollar increases or percentage increases to achieve a reasonable comparability, giving appropriate consideration to the mathematical truth and practical reality of the District's argument that "not all districts can be above average."

Absent such critical data, it is only possible to say that the historical ranking of salaries in the District has been

---

<sup>6</sup>The undersigned agrees with the District in its contention that the statewide goals of the Wisconsin Association of School Boards (and the similar goals of the Wisconsin Education Association Council introduced into evidence by the District in response to the Association's evidence) are not a controlling consideration in a case such as this. At most, that evidence constitutes general background information leading up to the bargaining impasse.

below average at a number of benchmark points, but that there is no evidence of any important benchmark position or positions that are totally outside the range. Because the schedule does not go beyond MS-6, several of the ranking figures take on considerably less significance and the important rank at the BA maximum has been and remains at fifth, according to the Association's own analysis.

Both the wage increases generated and the overall cost of the Association's offer exceed the increase in the cost of living during the prior year by a much greater margin than is the case under the District's final offer. By this measure, the Association's offer would generate "real" wage increases worth 7.2% at a cost 6.9 percentage points above the increase in the cost of living during the prior year. On the other hand, the Board's final offer would generate "real" wage increases worth 3.6% at a cost 3.6 percentage points above the increase in the cost of living. When the two offers are viewed in historical context, particularly in view of the wide margin by which the 1985-1986 settlement exceeded the increase in the cost of living in the year prior to that year, the Association's proposal would appear to be overly generous. Without any relevant comparisons suggesting that such a settlement is required to keep pace with the salary paid in comparable districts, this criterion clearly favors the District's position. The real value and real cost of the Association's final offer would be greater than that generated in any recent year, at a time when the District is under considerable pressure to hold down costs.

No effort will be made herein to summarize all of the evidence introduced into the record by the parties concerning national, statewide and local economic and taxing data. The most significant aspects of that evidence are those which bear on the local economy and taxing situation. The data demonstrates that the District is one of the more "rural" districts among the peninsula districts and that, as a consequence, the down turn in the farming economy has had a significant impact on the local political, social and economic climate. While the assessed value of farm land has gone down and there is no claim that property taxes have a controlling influence on the profitability of farms in the District, the state of the local farming industry, combined with the relatively high rate of unemployment and evidence of moderation in wage increases in other sectors of the economy, combine to help explain why a voluntary agreement has not been forthcoming. At a time when there is increasing evidence that local school districts cannot expect unlimited state aid to pay for such increases, the Association is seeking an increase which is 3.53 percentage points higher than the relatively reasonable 4.84% increase offered by the District for salaries alone. Under the circumstances, the undersigned finds it less likely that the parties would have achieved a voluntary settlement of the value and cost required by the Association's final offer rather than a settlement at the value and cost required by the District's offer when appropriate weight is given to local conditions and taxing considerations.

As noted above, the undersigned views the Association's proposal to increase the amount of the lane differentials to be a separable issue in this case, for purposes of analysis. Essentially, the Association seeks this increase based upon benchmark comparisons. However, its analysis ignores the fact that there are already a large number of lanes in the schedule,

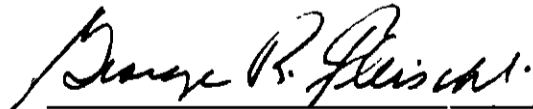
and there remains a heavy concentration of teachers in the BS lane. The District has not made any claim that it sees a need to create a further inducement for teachers to move horizontally through the schedule and the District is correct when it asserts that such changes in schedule are best accomplished through bi-lateral negotiations. This is especially true in this case, because the existing schedule appears to reflect an emphasis based on actual placement as opposed to abstract comparisons.

In summary, a review of the evidence and arguments convinces the undersigned that, had the parties been able to achieve a voluntary settlement under the existing statutory arrangements, that settlement would more likely have approximated the District's final offer than that of the Association. The Association's final offer, in terms of dollar increases and percentage increases generated at traditional benchmark positions, is supported by its comparison to available statewide data. However, the overall cost of the Association's final offer would appear to be disproportionately high when consideration is given to the increases granted in recent years, particularly the 1985-1986 school year; the increase in the cost of living during the relevant one year period prior to the 1986-1987 school year; the dollar increases and percentage increases granted to other employees living in the community, particularly professional employees employed by Kewaunee County; and the evidence concerning the local economy and taxing situation. While the District's teachers tend to rank relatively low in comparison to other peninsula districts at some of the benchmark points, this is not true at the important BS maximum point and there is no compelling evidence indicating a need to "catch-up" to those districts at this time. The Association has failed to make a persuasive case for its proposal to increase the lane differentials, particularly in view of the fact that the salary schedule already contains eight lanes (not including any lanes beyond the MS plus six lane) and there is no showing of a need to increase the inducement which already exists to encourage teachers to move horizontally through the schedule. For these reasons, and the others detailed above, the undersigned renders the following

AWARD

The final offer of the District, together with the issues resolved in bargaining and included in the stipulations of the parties, shall be incorporated into the existing 1985-1988 collective bargaining agreement, along with the provisions therein which are to remain unchanged.

Dated at Madison, Wisconsin this 15<sup>th</sup> day of April, 1987.



George R. Fleischli  
Mediator/Arbitrator



effective 7/1/86

BB 10/20/86

BOARD FINAL OFFER  
LUXEMBURG-CASCO SCHOOL DISTRICT  
1986-7

# 1  
10/19/86 BB 1 of 1

STEP	B.S.	B.S. +6	B.S. +12	B.S. +18	B.S. +24	B.S. +30	M.S.	M.S. +6
0	15,870	16,020	16,170	16,320	16,470	16,620	16,770	16,920
1	16,663	16,822	16,978	17,137	17,294	17,452	17,608	17,767
2	17,457	17,622	17,787	17,952	18,117	18,282	18,447	18,612
3	18,250	18,422	18,595	18,767	18,940	19,112	19,285	19,457
4	19,044	19,224	19,404	19,584	19,764	19,944	20,124	20,304
5	19,837	20,026	20,212	20,401	20,588	20,776	20,962	21,151
6	20,631	20,826	21,021	21,216	21,411	21,606	21,801	21,996
7	21,424	21,626	21,829	22,031	22,234	22,436	22,639	22,841
8	22,218	22,428	22,638	22,848	23,058	23,268	23,478	23,688
9	23,011	23,320	23,636	23,955	24,274	24,599	24,924	25,249
10	23,805	24,030	24,255	24,480	24,705	24,930	25,155	25,380
11	24,598	24,830	25,063	25,295	25,528	25,760	25,993	26,225
12	25,392	25,632	25,872	26,112	26,352	26,592	26,832	27,072
13	26,185	26,434	26,680	26,929	27,176	27,424	27,670	27,919
+ 900	27,085	27,334	27,580	27,829	28,076	28,324	28,570	28,819

1. The Board of Education will provide a payment of 6% of the salary for State Teacher Retirement.
2. The Board of Education shall pay 90% of the premium for single and family health insurance, 90% of the premium for single and family dental insurance, and 90% of group life insurance.
3. 22¢ per mile travel for teachers who must travel between schools.
4. Teachers will not be assigned as bus chaperones or ticket sales unless they request this.
5. Summer pay—Band, \$375 per week, plus \$3 for each step advanced on the schedule. Others, \$335 per week, plus \$3 for each step advanced on the schedule.
6. The Board of Education shall provide Long Term Disability Insurance under the 90 day plan.

over

APPENDIX A

# ASSOCIATION FINAL OFFER

## 1986-87 Salary Schedule

## LUXEMBURG-CASCO SCHOOL DISTRICT

<u>STEP</u>	<u>B.S.</u>	<u>B.S. +6</u>	<u>B.S. +12</u>	<u>B.S. +18</u>	<u>B.S. +24</u>	<u>B.S. +30</u>	<u>M.S.</u>	<u>M.S. +</u>
0	16,320	16,520	16,720	16,920	17,120	17,320	17,520	17,720
1	17,136	17,346	17,556	17,766	17,976	18,186	18,396	18,606
2	17,952	18,172	18,392	18,612	18,832	19,052	19,272	19,492
3	18,768	18,998	19,228	19,458	19,688	19,918	20,148	20,378
4	19,584	19,824	20,064	20,304	20,544	20,784	21,024	21,264
5	20,400	20,650	20,900	21,150	21,400	21,650	21,900	22,150
6	21,216	21,476	21,736	21,996	22,256	22,516	22,776	23,036
7	22,032	22,302	22,572	22,842	23,112	23,382	23,652	23,922
8	22,848	23,128	23,408	23,688	23,968	24,248	24,528	24,808
9	23,664	23,954	24,244	24,534	24,824	25,114	25,404	25,694
10	24,480	24,780	25,080	25,380	25,680	25,980	26,280	26,580
11	25,296	25,606	25,916	26,226	26,536	26,846	27,156	27,466
12	26,112	26,432	26,752	27,072	27,392	27,712	28,032	28,352
13	26,928	27,258	27,588	27,918	28,248	28,578	28,908	29,238
+900	27,828	28,158	28,488	28,818	29,148	29,478	29,808	30,138

1. The Board of Education will provide a payment of 6% of the salary for State Teacher Retirement.
2. The Board of Education shall pay 90% of the premium for single and family health insurance, 90% of the premium for single and family dental insurance, and 90% of group life insurance.
3. 22¢ per mile travel for teachers who must travel between schools.
4. Teachers will not be assigned as bus chaperones or ticket sales unless they request this.
5. Summer pay - Band, \$395 per week, plus \$4 for each step advanced on the schedule. Others, \$355 per week, plus \$4 for each step advanced on the schedule.
6. The Board of Education shall provide Long Term Disability Insurance under the 90 day plan.

APPENDIX B