

AUG 17 1987

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

STATE OF WISCONSIN

BEFORE THE MEDIATOR/ARBITRATOR

 In the matter of the petition
 of
 BONDUEL EDUCATION ASSOCIATION
 to initiate mediation/arbitration
 between said petitioner and
 BONDUEL SCHOOL DISTRICT

Daniel Nielsen, Mediator/Arbitrator
 Case 15, No. 38104 MED/ARB-4233
 Decision No. 24341-A
 Mediation held: 6/16/87
 Hearing held: 6/17/87
 Record closed: 8/03/87
 Date of Award: 8/12/87

Appearances:

Wisconsin Association of School Boards, Inc., 1812 Brackett Avenue, Suite #4, Eau Claire WI 54701, by Mr. Steve Holzhausen, Membership Consultant, appearing on behalf of the Bonduel School District.

United Northeast Educators, 1135 North Military Avenue, Green Bay WI 54303, by Mr. Ron Bacon, Executive Director, appearing on behalf of the Bonduel Education Association.

ARBITRATION AWARD

The Bonduel Education Association (hereinafter referred to as the Association) and the Bonduel School District (hereinafter variously referred to as the District and the Board) are parties to a collective bargaining agreement setting forth wages, hours and conditions of employment for non-exempt professional staff employees of the District. The last agreement expired on June 30, 1986. The parties met on seven occasions to negotiate a successor agreement, but were unable to resolve their differences. On January 9, 1987, the Association filed the instant petition seeking mediation/arbitration. The WERC conducted an investigation on February 23, 1987 which reflected that the parties were at impasse. On March 12, 1987 the investigation was closed. The WERC issued an Order Requiring Mediation-Arbitration on March 24, 1987. The undersigned was notified on April 6, 1987 that he had been selected to serve as mediator/arbitrator.

On June 16 and 17, 1987, the undersigned met with the parties for the purposes of mediation, arbitration and hearing the comments of the public. The matter was not resolved in mediation, and the arbitration hearing was held on June 17th at the District offices in Bonduel, Wisconsin. The parties submitted post-hearing briefs and reply briefs, the last of which was received by the undersigned

on August 3, 1987, whereupon the record was closed. Now, having considered the evidence, the arguments of the parties and the record as a whole, and having considered the statutory criteria of Section 111.70(4)(cm), MERA, the undersigned makes the following Arbitration Award.

I. ISSUE

The parties were able to settle on all terms of the 1986-87 agreement except the salary schedule. The Association has proposed a BA Base salary of \$16,500. This results in a package increase of 7.72% (an increase, in dollars per teacher, of \$1,967± in salary and \$2,481± in total compensation). The Board has proposed a BA Base salary of \$16,200. This yields a package increase of 5.9% (\$1,481± per teacher in salary, and \$1,891± in total compensation). The use of approximate figures results from a very minor costing discrepancy (\$4-\$5 on salary) which has no bearing on the outcome of this case.

II. RELEVANT STATUTORY PROVISIONS

This case is controlled by the provisions of Section 111.70(4)(cm) MERA. The standards to be considered in making an award are set forth in §7:

"7. "Factors considered." In making any decision under the arbitration procedures authorized under this subsection, the mediator-arbitrator shall give weight to the following factors:

- a. The lawful authority of the municipal employer;
- b. The stipulations of the parties;
- c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement;
- d. 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 performing similar services and with other employees generally in public employment in the same community and in comparable communities and in private employment in the same community and in comparable communities;
- e. The average consumer prices for goods and services, commonly known as the cost of living;
- f. The overall compensation presently received by the municipal employees, including direct wages compensation,

vacations, holiday and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received;

g. Changes in any of the foregoing during the pendency of the arbitration proceedings;

h. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

III. COMMENTS OF THE PUBLIC

A petition was filed by at least five residents of the Bonduel School District, requesting that a public hearing be conducted for the purpose of allowing the parties to present and explain their offers, and to allow for public comment. The following residents spoke at the hearing:

Herb Tauchen	Dave Brunner	John Boettcher
Barry Joas	Harold Westphall	Tom Brunner
Jerry Luepke	Mary Weix	Dan Weidner
Eila Mathias	Robert Mathias	Reuben Bucholtz
Dave Wegner	Cal Fronert	Mitzi Hunnington

While the content of each resident's comments differed somewhat, those who supported the District stressed the fact that they faced economic difficulties as a result of the falling prices for dairy products, caused by changing federal policies. Additionally, the value of farm land was decreasing in the area. While the people wanted to pay fair increases to the teachers, their ability to pay is limited by the economic circumstances of the area. Given the relatively low cost of living increases over the past few years, and the fact that programs have been cut to reduce costs, the Arbitrator should select the lower of the two offers.

The speakers who favored the Association's offer pointed out that the District's teachers worked much longer hours than were indicated by the number of school days, and should be fairly compensated for their work and their level of education. The teachers at the top of the salary schedule in Bonduel have dropped from above the state average to below the state average in the past three years. While the Association's offer might seem high to some residents, it was put together on the basis of what other teachers in the surrounding communities were receiving. The District has an excellent staff and must remain competitive with area schools.

The majority of the residents who spoke urged acceptance of the District's offer.

IV. POSITIONS OF THE PARTIES

Brief Of The Association

The Association takes the position that its final offer is the more reasonable when measured against the statutory criteria. The comparability criterion of §d is the most persuasive evidence in favor of its offer. The primary comparables for Bonduel are the other schools within the Central Wisconsin Athletic Conference. Of the seventeen schools in this sprawling conference, eleven -- Almond, Iola-Scandinavia, Manawa, Marion, Menomonee Indian School, Port Edwards, Rosholt, Shawano, Shiocton, Tigerton and Tomorrow River -- have achieved settlements for the 1986-87 school year. The average of these settlements has been an salary increase per teacher of \$1,801 or 8.6%. The Association points out that both offers in this case are lower in percentage terms (7.9% salary increase for the Association, 5.9% for the District) than the conference average. Although the Association's dollar increase is \$166 more than the conference average, the District's offer falls \$320 per teacher below the average.

In response to the evidence concerning the private sector, the Association notes that the bulk of these Board exhibits are newspaper articles from various papers around the country that address occupations other than teaching. Similarly, the Bureau of Labor Statistics information on private sector settlements does not involve teachers. Finally, the area wage information provided through the DILHR wage survey only indicates prevailing wages, not rates of increase, and only for responding firms. Adding in the fact no distinction is drawn between represented and unrepresented employes, the Association concludes that little credence can be given to the private sector data presented.

To the extent that the Board relies upon statewide economic conditions, the Association asserts that the Arbitrator can rely on statewide teacher data. That information shows that the final offer of the Association results in dollar increases at the benchmarks which are less than the negotiated averages around the state.

Information concerning private sector conditions is neither particularly relevant nor particularly well-founded. The most reliable indicators of reasonableness are the conference schools, and those settlements clearly mandate selection of the Association offer.

As noted, the Association offer is closer to the comparable settlements in terms of dollars per teacher and percentage increase. A comparison of the increases at the benchmarks also support the Association, as shown by the table at page 11 of the Association brief:

	Average		*	Board Offer		*	Association Offer	
	\$	%		\$	%		\$	%
BA Base	879	5.7	*	730	4.7	*	1030	6.7
BA7	1209	6.4	*	905	4.7	*	1277	6.7
BA Max	1518	7.0	*	1079	4.7	*	1524	6.7
MA Base	950	5.7	*	803	4.7	*	1133	6.7
MA10	1493	6.8	*	1092	4.7	*	1541	6.7
MA Max	1771	7.2	*	1252	4.7	*	1767	6.7
Schedule Max	1925	7.6	*	1316	4.7	*	1856	6.7

Thus, no matter what method of comparison is used, the Association asserts that the settlements in comparable districts supports its offer as clearly more reasonable than that of the Board.

Anticipating the arguments of the Board, the Association discounts the apparent wide disparity between the package costs in this case and the rate of increase in the consumer price index. The Association points out that actual costs are much lower than the costs projected through use of the "cast-forward" method. By replacing higher paid, more experienced teachers with teachers at the lowest ranges of the salary schedule, or by not replacing teachers at all, School Boards greatly reduce the cost of contract settlements. Moreover, settlements in the educational sector have never followed in a lockstep with the CPI. In times of high inflation, such as the late 70's and early 80's, teachers consistently lost ground to inflation. These losses are partially recouped in times such as these, when the cost of living increases more slowly.

The cost of living, the Association argues, has no independent relevance to the appropriateness of a settlement. Citing Arbitrator Mueller in Kewaskum (Dec. No. 17981-A, 5/81) and Arbitrator Flagler in Merrill (Dec. No. 17955-A, 1/81), the Association argues that the cost of living is a relative constant across districts at any given time, and must be presumed to have been taken into consideration by the parties to settlements in those other districts. Thus the proper weight of the CPI in reaching a decision is measured by results of negotiations in comparable districts, rather than by simply judging which offer is closer to the inflation rate. By this standard, the CPI must be counted as supporting the Association offer if it has any relevance at all, since that offer is more consistent with the comparables.

The Association concedes that there are instances where the interests and welfare of the public criterion of §c assume a position

of great weight in arbitration. The factors which lead to that result, however, are totally lacking in this case. There is no evidence of severe budgetary problems in this District. The levy rate is below the conference average. The per pupil equalized value is the third highest among comparable schools, and the poverty rate is relatively low. While there is some evidence of local economic difficulty related to the agricultural sector, there is nothing in the record to show that Bonduel is more seriously affected by this widespread problem than are other, comparable districts. The fact that 11 similarly situated communities have been able to settle with their teachers at levels appreciably above the Board's offer here is evidence that the interests of the public would be best served by selection of the Association offer.

The Association recognizes the large volume of evidence introduced by the Board relative to the state of the farm economy. Most of this evidence, however, is general in nature and does not describe the situation in Bonduel. That evidence which does relate to Bonduel (or, more accurately, all of Shawano County) is imprecise or in conflict with one another. The Association contends that these exhibits raise questions, but provide no answers.

The evidence of the Board which goes to tax rates is deceptive because of the cast forward costing method. Again, the Association notes that the use of projected rather than actual costs tends to inflate the the apparent cost of offers. Tax rates in the District, however, will reflect actual costs which have been consistently lower over the years.

The Association avers that the Board focus on taxes and costs does not accurately portray the totality of the public interest. There are many publics, including parents and grandparents who are concerned with spending adequate amounts on education. Higher teacher salaries are necessary in light of recent studies showing that qualified females are choosing to go into business rather than education, and that teachers leaving education can immediately increase their income by an average of \$4000. The Board's public policy arguments, which amount to an "unwillingness to pay", are out of step with, and cannot supercede, the national policy favoring increased compensation for teachers. The totality of the record shows that the Association's offer is more in the public interest.

For all of the foregoing reasons, the Association maintains that its offer is the more reasonable and should be adopted.

The District's Brief

The District rejects the evidence concerning state-wide teacher salaries and settlements, contending that the conference schools constitute the only appropriate set of comparables. Use of the athletic conference is consistent with long standing arbitral precedent,

as well as the expectations of the parties. The Association has provided no evidence to justify its attempt to use state-wide data and the Arbitrator must restrict his consideration to the schools within the Central Wisconsin Athletic Conference.

The Board asserts that the interests and welfare of the public must be the primary consideration of the Arbitrator in this case. The District is predominantly rural, and depends upon farmers for its tax revenues. These local farmers lack an ability to pay increases of the magnitude sought by the Association.

This District is heavily populated with dairy farmers. Dairy prices have declined by 13% between May of 1983 and May of 1987. The dire situation faced by dairy farmers is shown by the financial statement of a local cooperative, which lost \$990,000 in the three years between 1983 and 1986. Almost 60% of this loss was caused by write-off of bad debt owed by local farmers. The sorry state of affairs in the local economy is compounded by the 7% decline in equalized valuation. This decline has led to a cut in educational programs as the School Board has struggled to hold the line on taxes.

Property tax delinquencies in Shawano County have increased faster than the state average in recent years. In light of the fact that Wisconsin has the 13th highest property taxes in the nation, and only the 22nd highest per capita income, and in light of Shawano County's substantially lower than average per capita income, a higher award than that offered by the District would be unfair to the local taxpayers.

The Board cites the recent report of the Wisconsin Expenditure Commission on controlling state spending. This report stresses the need to place greater emphasis on increases in the private sector and to bring compensation for public employees into line with that of the private sector. Certainly the Board offer is more consistent with this recently enunciated public policy.

Arbitrators are increasingly sensitive to the need for consideration of local economic conditions and the great weight that must be accorded the interests of the public in hard times. The Board cites recent decisions by Arbitrators Yaffe, Grenig, Krinsky, Kessler and Gunderman where the interests of the public in rural communities controlled the outcome. /fn-1/ Quoting from Arbitrator Haferbecker's decision in Wittenberg-Birnamwood School District (Dec. No. 23130, 4/86) the Board notes that requests for higher settlements than realized in past years are disfavored where economic conditions have deteriorated. The decision is also cited for the proposition that ability to pay higher increases depends in a political system upon the public's willingness to pay. The public in Bonduel has plainly lost its willingness to support increases of the size sought by the Association.

At a time when economic conditions are in decline and the cost of living has flattened, the Board's final offer represents a reasonable compromise between the public outcry for property tax relief and the teachers' desire for increased compensation. Thus the District alleges that its offer is the more reasonable when measured against the interests and welfare of the public.

The Board asserts that the Association's offer is irresponsible and illogical when one considers that the cost of living has actually decreased in the relevant time period. Given the 0.2% decrease in the CPI, the Association offer represents a real increase of 7.9%. This offer ignores the fact that traditional labor economics calls for settlements to follow the pattern of the inflation rate. Contrary to the statements of many arbitrators, the cost of living is a separate consideration under the statute and is not subsumed into settlement patterns. Over the past three years, the percentage increase in package in Bonduel have mirrored the decline in the CPI:

<u>Year</u>	<u>August to August Increase in CPI</u>	<u>Package Increase</u>	<u>Percent of Increase</u>	
1983-84	0.9%	\$ 2,072	7.9%	
1984-85	4.9%	\$ 2,054	7.5%	
1985-86	1.2%	\$ 2,212	7.3%	
1986-87	-0.2%	Board:	\$ 1,897	5.9%
		Association:	\$ 2,481	7.7%

The District offer would continue this downward trend, while the Association offer ignores the economic realities of CPI. The Board claims that the rate of increase in the private sector and some areas of the public sector (federal employment, for example) has been 5% or less, and that there is no rational reason to award the teachers in Bonduel a 7.7% increase. The CPI criterion clearly favors selection of the Board's offer.

Turning to the comparability criterion, the Board argues that a review of the comparables, while not as important in this case as the interests of the public, supports their position. Data on private sector settlements shows a national average for collective bargaining agreements of just 1.5% in 1986. Professional employees across the country will average just over 6%. Both of these figures plainly suggest the District offer of 5.9% be preferred over the excessive 7.7% package of the Association.

Reviewing the settlements in other conference schools, the Board notes that the Association's offer would improve its ranking by two places at the MA Base, one place at the BA Base and the MA10, maintain its position at the BA and MA maximums, and drop it one place at the Schedule Maximum. At every benchmark, the Association

offer would increase the differential between the Bonduel salary schedule and the conference average. There can be no justification for such increases in these hard times. The Board offer, while more moderate, would leave Bonduel teachers well above the conference average at most benchmarks. Those in a position of wage leadership, such as the teachers in this District, can be justifiably expected to receive relatively smaller increases than teachers in comparable districts. Some erosion of position is inevitable as teachers in other districts strive to catch-up to the leaders. Certainly, given the economy, they cannot reasonably expect to expand their margin of leadership.

In closing, the Board argues that the economic difficulties of the District are more than just statistics, and were reflected in the comments of the public prior to the arbitration hearing. Political sentiment within the District calls for a very small wage increase, while the Association wants a very large wage increase. The Board has attempted to compromise these competing interests by proposing a package that is fair and realistic. For the reasons cited, therefore, the Board urges adoption of its final offer.

Association's Reply Brief

In reply to the Board's brief, the Association argues that the Board is inconsistent in asserting that the athletic conference is the appropriate comparable group while citing extensively from statewide and national data concerning farming, personal income, private sector settlements and the like. If those figures are relevant, so too must be the statewide teacher settlement data which strongly supports the Association offer.

The Association notes that the Board's brief offers somewhat different costing data on the proposals of each party, and acknowledges that the Board figures of \$1851 and \$1390 for the Association and Board total salary offers are probably more accurate than the Association figures of \$1967 and \$1481, which include extra-curricular costs and other salary items not generally used for comparison. The figures, however, merely add further support to the Association argument that its offer is more reasonable in light of comparable settlements.

In addition to disputing certain definition offered or used by the Board in making its arguments, the Association disputes the Board's public policy arguments. Most of the arbitration awards cited by the Board for the proposition that "public interest" is the dominant criterion either turned on their own peculiar facts or were in some important way distinguishable from the instant case. The majority of those cases turned on either the lack of any settlement pattern, or a pattern which favored the Board's offer. There is a clear settlement pattern in this case, and it mandates selection of the Association offer.

The Board completely ignores both the percentage and dollar per teacher increases achieved in comparable districts, and focuses

on misleading benchmark figures to defend its position. The Board cites only the BA and MA Base salaries from Port Edwards, which does not have a traditional salary schedule. Teachers in Port Edwards who have relatively the same education and experience as teachers at the other benchmark points in Bonduel can make appreciably more than the District's teachers. Additionally, Manawa has a very generous longevity plan which increases salaries at the top of the lanes by a range of \$1368 at the BA lane to \$1656 at the MS+6. Inclusion of Port Edwards and the real maximums at Manawa would considerably increase the average benchmarks for the conference.

Another failing of the Board's benchmark comparisons is that it is not possible to accurately calculate the benchmarks for Iola, Port Edwards or Almond because they do not have salary schedules. Excluding three of the eleven settled schools, however, is not reasonable. Thus, in order to give all of the settlements their proper weight, per teacher figures should be employed rather than benchmarks.

The wage leader arguments of the District are unpersuasive. In this case, the Bonduel faculty is seeking a percentage increase which is smaller than the conference average, showing restraint in recognition of the fact that seeking the average in percentage terms would generate dollar increase well in excess of those received by their colleagues at other schools.

The Board's use of absolute salary levels, rather than percentages is not a valid system of comparison. Bargaining over the years has resulted in relationship between the wages of teachers in this district and those in other districts. At most of the benchmarks, Bonduel has been relatively higher than the conference average. That relationship was voluntarily arrived at, and should be maintained unless voluntarily changed by the parties.

District Reply Brief

The District takes exception to the Association's citation of actual cost data in its brief. No data is supplied to show the actual costs of other conference settlements. The cast forward method of projecting costs is well accepted in bargaining and in arbitration, and there is no justification for the consideration of actual costs.

The Board repeats its arguments concerning the impact of the two offers on benchmark levels, and urges consideration of the views expressed by Arbitrator Malamud in Kewaskum School District, Dec. No. 24086-A (6/29/87):

"In this arbitrator's view, under a statute which operates to push salaries to a mean, it should be more difficult for a union to propel itself further from the average when it

is already ranked No. 1 at the benchmark..."

Kewaskum, at page 17.

The same reasoning applies to this case where the Association enjoys a relatively high ranking at all of the benchmarks and seeks to increase the differential between it and the conference average.

V. DISCUSSION

While all of the factors specified in Section 111.70(4)(cm)7 have relevance to the dispute, the primary focus of the parties and, therefore, of the arbitrator, is on on §c (interests of the public/ability to pay), §d (comparability) and §e (cost of living).

A. Cost of Living

The Board argues that the cost of living must be considered in the abstract, and given its full weight as a separate criterion under the statute. The Board rejects the arbitral train of thought holding the cost of living to be most accurately reflected by other settlements. The Association takes the contrary view, endorsing those awards that downplay the independent significance of CPI. The Association also points out that the actual cost of the settlement to the Board is much closer to the CPI than its projected cost.

The undersigned cannot accept the Association argument that actual costs should be considered under the cost of living criterion. As traditionally applied in negotiations, CPI is a measure of what a reasonable increase in wages might be, rather than what a reasonable increase in costs might be. The cast forward method of costing does inflate the size of the package in times of staff turnover and staff reduction. It is a generally accurate measure, however, of the degree of benefit that will be received by remaining employees. When compared with the increase or decrease in the inflation rate, cast forward costing provides a reliable picture of the erosion or enhancement of purchasing power that will result from a given settlement.

The Board is correct in its assertion that the cost of living is a separate criterion under the statute. Just so, it is a separate point for consideration in formulating a wage position for negotiations. The question is not whether the CPI deserves to be analyzed independently of other factors, but what weight the results of that analysis should be given in reaching an overall decision. The answer, as with all of the statutory criteria, will depend upon the circumstances.

The task of an arbitrator is to select the offer that most closely approximates what a voluntary agreement between the parties would have been had they been able to achieve a settlement. That

requires, both as a matter of statute and common sense, review of such factors as the cost of living, the lawful authority of the employer, the general economic conditions and the supply and demand for the type of services provided by the employees, if reliable information is available on these points. Once that exercise is completed, however, there remains the problem of assigning weight to these often contradictory indicators and arriving at some conclusion. Absent any guidance, the arbitrator simply does his or her best to balance the factors and answer the question. In those circumstances, CPI may have compelling importance because it is easily ascertainable and not subject to much manipulation. Where, as here, there is a clear pattern of settlements by comparable parties in comparable districts, the arbitrator does have guidance in assigning weight to the various factors, including CPI. If ten other School Boards, operating under the same economic conditions and in the same labor market as this Board have concluded that an 8.6% salary increase is appropriate, notwithstanding a 0.2% drop in CPI, it would require a degree of arrogance for the undersigned to ignore the accommodations reached and dictate that some other weight be assigned to CPI.

Deference to the judgment of negotiators in comparable districts is an act of necessary restraint by arbitrators. It does not ignore the prevailing cost of living, but attaches such weight to that criterion as the local parties likely would have in a voluntary settlement. Unless the instant situation is distinguishable from that which was present in the comparable districts, there is no basis for assuming that the cost of living should have a greater or lesser impact on the settlement here.

Having responded at length to the District's concern over the treatment of cost of living, there remains the consideration of that factor in this case. Viewed in the abstract, this criterion favors the final offer of the District. Both offers greatly exceed the increase in the consumer price index for the period preceding the contract term. Measured solely against the desire of the parties to maintain the purchasing power of District employees, the 5.7% increase offered by the Board is more than adequate.

B. Comparability

The parties are in agreement over the use of the schools in the athletic conference as primary comparables for Bonduel. The Association also cites statewide data for teacher settlements in 1986-87. The Board urges rejection of this attempt to expand the comparable grouping.

Statewide averages are of relatively little use in attempting to determine what the parties in a particular district might have voluntarily agreed to on issues such as wages and fringe benefits.

Certainly all of the districts in the state are somewhat comparable, in the sense that they operate under the same regulatory and funding schemes, and all compete for teachers licensed within the state. The negotiators in Bonduel, however, are unlikely to be concerned with such issues as the level of employment at Regalware or the progress of the Milwaukee desegregation suit, as the negotiators in West Bend and Greenfield are probably not consumed with thoughts of milk price support levels. The forces that bring about a settlement in Bonduel cannot be reliably compared with those that move bargainers in the rest of the state. The legislature presumably knew of the similarities between school districts when it mandated consideration of data from comparable communities, rather than the state generally. Statewide averages may have some relevance as background information for policy arguments. It does not, in this arbitrator's view, have any persuasive force under the comparability criterion. Accordingly, the conference schools will be used as the primary comparables for this case.

Ten conference schools had settled their contracts for 1986-87 at the time of the hearing in this matter, and an eleventh received an arbitrator's award before the closing of the record. A comparison of those settlements with the offers in this case shows the following:

<u>School District</u>	<u>Salary Dollars</u>	<u>Percentage</u>
Almond	\$1925	10.8%
Iola-Scandinavia	\$1767	8.3%
Manawa	\$1766	8.4%
Marion	\$2095	10.0%
Menominee Indian School	\$2059	9.5%
Port Edwards	\$1654	6.6%
Rosholt	\$1753	8.7%
Shawano	\$1562	6.6%
Shioctin	\$1437	6.4%
Tigerton	\$1774	8.5%
Tomorrow River (Amherst) ^{/fn2/}	\$2015	10.3%
Conference Average	\$1801	8.6%
Association Offer ^{/fn3/}	\$1967 (\$+166)	7.9% (-0.7%)
Board Offer	\$1481 (\$-320)	5.9% (-2.7%)

The settlement in comparable districts, whether measured by percentage of increase or additional salary dollars per teacher, would appear

to favor selection of the Association offer as being much closer to the average of the conference than the Board's proposal. The Board argues, however, that the effect of the Association's offer is to increase the differential between the Association and the conference average at every benchmark. Such an improvement in relative position, the Board maintains, cannot be justified in hard times such as these.

Even taking into account the difficulty of comparing benchmark salaries where three districts do not have traditional schedules, and the possible lowering of the averages as pointed out by the Association, the undersigned can agree generally with the District that increasing one's leadership position should be a difficult burden to bear. Arbitrator Malamud is correct when he notes that the practical effect of the statute is to narrow salary differentials. The element of risk under the statute, however, is that arbitrator does not have the power to award only reasonable offers. If both offers are to a degree unreasonable, the arbitrator must determine which is less unreasonable. The unreasonableness of the Association's position is revealed by the improvement of its already above average standing at the benchmarks. The unreasonableness of the District's offer is in its much greater variance from the settlement average for conference schools. While the Association offer represents a lower percentage increase than the conference average, it exceeds the average increase in dollar terms by roughly 9%. The Board's offer, which dramatically reduces differentials at the benchmarks, falls nearly 18% below the conference average in dollars per teacher.

The undersigned is persuaded that the Board's offer is the more unreasonable when measured against the settlements in comparable districts. The Association offer takes its better than average position into account by seeking a percentage increase below the conference average. While it is still excessive in dollars per teacher, no convincing justification has been advanced in defense of the Board's very much lower offer under the comparability criterion.

The Board introduced exhibits showing, in general terms, that wage increases in the private sector are lower than those being offered to the teachers here, even under the Board's offer. This data suffers from the same defects as the Association's citation of statewide averages for teachers. There is no showing that the newspaper articles introduced have any bearing on the market for teachers in Bonduel, Wisconsin. The DILHR wage study, while somewhat more local in character, does not suggest any basis on which teacher salaries, and the rate of increase in teacher salaries, might be related to the surveyed occupations. In short, the evidence in this regard is not persuasive of any point. Its usefulness is limited to general background information for policy arguments.

C. Interests Of The Public

The bulk of the Board's arguments deal with the interests of the public. The Board's evidence shows Bonduel to be a primarily rural district, with a tax base largely dependent upon dairying. The difficulties of the agricultural sector in recent years, particularly the cuts in dairy price supports, have, the Board argues, reduced the public's ability to pay and eliminated the public's willingness to pay increases of the magnitude sought by the Association. Additional policy support for the Board's offer comes from the statewide need for containing property taxes, an area in which Wisconsin holds an unenviably high national ranking. Since employee wages are the primary component of school costs, it stands to reason that these costs must be contained.

The Association disputes the local economic data supplied by the Board as too general and unconvincing. It argues that the public interest is served by paying adequate salaries to skilled teachers, so as to retain their services, and attract talented new people into the profession.

Notwithstanding the Association's skepticism over District exhibits, the undersigned finds that Bonduel is a primarily rural district and that the farmers in the area are experiencing difficult economic times. This is not one of the many districts which tries to disguise a reasonably healthy local economy by cloaking itself in the farm report. The equalized valuation of the district has dropped by some \$14 million dollars in the past two years. The District has eliminated programs in the schools to save on costs. The reduction in price supports has undoubtedly stressed local dairymen, as is shown by the bad debt figures of the local co-op.

The interests of the public in distressed rural districts justifies moderation in wage increases for positions funded by local assessments. A public interest of such specific local character overshadows the valid, but very general interest in higher salaries for teachers cited by the Association, while complementing the equally general property tax concerns of the Wisconsin Expenditure Commission. The interests of the public in this case would support the selection of the lower offer, affording as it does the opportunity to better control property taxes.

VI. CONCLUSION

The offer of the Association is supported by the pattern of settlements in the area, while the Board's offer is preferable when weighed against the cost of living and the interests of the public. I have already expressed my view that the cost of living criterion is mitigated in importance by the settlement pattern. The case turns on the relative weight to be assigned comparability

and the interests of the public.

While the rural public can expect moderation in wage increases, the question is how low an offer may become before the interests of the public are substantially mitigated. As with the cost of living criterion, the financial distress of the farm community is one consideration that both sides' negotiators must balance against the market forces that dictate higher settlements. The end result will be more than the public wants to pay and less than the teachers want to receive. In this case, I believe that a full consideration of the interests of the public would have resulted in a voluntary settlement below the final offer of the Association, but substantially above that of the Board. I base this upon the compromises reached by negotiators in districts suffering much the same problems as the Bonduel School District.

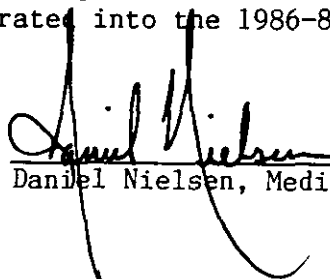
The record establishes that the Bonduel district is primarily rural, but the same can be said of most of the other conference schools. The District has not shown any distinguishing data to suggest that its farmers are more seriously affected than their neighbors in Shawano or Manawa. Two-thirds of the school boards in the conference have accommodated the interests of their hard-pressed publics with those of their teaching staffs. In three of the districts, pay increases exceeded that sought by the Association here in dollar terms. In eight of the districts, the percentage of increase was greater than the Association offer. In none of those districts did the voluntary settlement mirror the percentage increase proposed by the District, and only one of eleven was reached at a dollar per teacher figure as low as the District has put forward.

This is made a closer case by the fact that the Association offer causes enhancement of its position relative to other conference schools in a time of economic hardship. The District offer so substantially departs from the norm established by equally hard pressed districts, however, that Association offer must be deemed more reasonable. Accordingly, the undersigned, having considered the record evidence, the arguments of the parties, the record as a whole and the statutory criteria, makes the following

AWARD

The final offer of the Association, together with the stipulations of the parties, shall be incorporated into the 1986-87 agreement of the parties.

Signed and dated at Racine, Wisconsin
this 12th day of August, 1987.


Daniel Nielsen, Mediator/Arbitrator

Footnotes:

- fn1 - See cases cited at pages 8-15 of District brief
- fn2 - There was some disagreement at the hearing as to the correct costing for this settlement. The Association's justification for this figure appears more clearly supported by the data and was not challenged in the District's reply brief.
- fn3 - The figures used for proposed salaries in this table are those cited by the parties at the hearing. While the Association is willing to concede some smaller dollar amounts cited in the District's brief, the basis for those amounts is not completely clear, nor is the effect that a change in method of calculation would have on the figures cited as comparables.