

JUL 24 1987

STATE OF WISCONSIN  
BEFORE THE ARBITRATOR

WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

In the Matter of the Petition of	*	
	*	
YORKVILLE FEDERATION OF	*	
TEACHERS, LOCAL 3545,	*	
WFT, AFT, AFL-CIO	*	Case 3
	*	No. 37829
To Initiate Mediation-Arbitration	*	Med/Arb #4133
Between the Petitioner and	*	Decision No. 24374-A
	*	
YORKVILLE JOINT SCHOOL DISTRICT	*	
NO. 2, TOWNS OF YORKVILLE,	*	
DOVER AND RAYMOND	*	
	*	

APPEARANCES:

Steve Kowalsky, Representative, Wisconsin Federation of Teachers,  
on behalf of the Association

Barry Forbes, Staff Counsel, Wisconsin Association of School Boards,  
on behalf of the District

INTRODUCTION

On April 16, 1987, the Wisconsin Employment Relations Commission (WERC) appointed the undersigned to act as Mediator-Arbitrator pursuant to Section 111.70(4) (cm) 6.c. through 7.h. of the Municipal Employment Relations Act (MERA) in the dispute existing between the Yorkville Joint School District No. 2 (hereinafter the "Employer" or "District" or "Board") and the Yorkville Federation of Teachers (hereinafter the "Union" or "Association"). On May 5, 1987, mediation proceedings were held between the parties pursuant to statutory requirements. Mediation failed to produce a voluntary resolution of the dispute. Accordingly, an Arbitration hearing was held that same day and the parties agreed to submit briefs and reply briefs. Briefing was completed on June 16, 1987. This arbitration award is based upon a review of the evidence, exhibits and arguments, utilizing the criteria set forth in Section 111.74(4) (cm), Wis. Stats. (1987).

Before addressing the substantive issues involved in this award, it seems appropriate to deal with two matters raised by the District in argument and brief which have not been controlling in the formulation of this award.

THE SALARY SCHEDULE

The parties are aware of the reluctance arbitrators feel about altering in arbitration a salary schedule previously established by the parties through negotiation. This arbitrator has reflected that reluctance in matters where one side or the other was attempting to alter a schedule which had expressed differences between step or lane by a fixed dollar amount to one which expressed those differences in terms of a percentage or vice versa.

In Yorkville, the 1984/85 salary schedule followed a fixed dollar pattern over 16 steps and 4 lanes. During negotiations for the 1985/86 contract, the parties agreed to alter the manner in which this fixed dollar step and lane differential was computed.

The Board argues that the effect of this agreement was to eliminate the salary schedule altogether, thus freeing the arbitrator from constraints and allowing a decision, as it were, de novo, on the issue of salary schedule structure.

Notwithstanding the settlement notes submitted by the Board, Board Exhibit #2 is the 1985/86 Teacher Contract. That contract sets forth the salary policy in Section B. Paragraph 1 refers to annual increments until the maximum is reached. Paragraph 2 refers to "placement on the salary schedule." (Emphasis provided.) A teacher employed by the District could find the salary he or she was to receive by referring to the salary schedule.

So, in fact a salary schedule did exist during the period preceding negotiations which have led to this proceeding. This award shall be subject to the traditional and entirely proper constraints concerning alteration of the basic structure of the salary schedule.

#### BUDGET SHORT-FALL

The District has argued eloquently and well that circumstances have resulted in a budget short-fall which would require an unreasonable increase in the tax levy should the Union's final offer be accepted here.

These are uncharted waters. All interest negotiations are largely related to money and it is entirely proper to require the parties during negotiations and the arbitrator here to give weight and consideration to all economic factors on both sides. The question is, does that extend to an analysis of the source of funds? For instance, ought the arbitrator choose between borrowing and an increase in the tax levy? Ought the arbitrator to substitute his judgment for the collective wisdom of an elected school board? I think not.

Proper weight will be given to economic issues presented by both parties in this award. However, no weight will be given to questions involving the source of funds. That is the sole province of the Board.

#### ISSUES

1. Should the contract be amended to incorporate the Association's language relating to payment of group health insurance plan premiums for retirees until age sixty-five (65) has been reached?
2. Should the contract reflect the final offer of the District or that of the Association in the following areas:
  - (a) Health Insurance
  - (b) Dental Insurance
  - (c) Life Insurance
  - (d) Salary Schedule and Longevity

#### COMPARABLES

##### THE DISTRICT'S POSITION

The District has set forth comparables it believes should be considered because they are all K-8 districts, are all in Racine County, and are comparable in size. It argues that conference membership, while an important measure of comparability, ought not to be found ruling in this matter.

##### THE UNION'S POSITION

The Union has presented a longer list of comparable district than the Board. Most of them are members of the same athletic conference as Yorkville J 2 and are generally more comparable in size, FTE and tax levy than those offered by the other side.

##### DISCUSSION

It is more difficult to select comparables in some parts of this State than others. Lakes, rivers, large cities and State borders can all work against finding districts that meet all the normal criteria of comparability. Because athletic conferences are periodically

Board does not wish to abandon its position in support of its comparables, the District has used the Union's comparables in some cases because they favor the District's offer.

Of the seven districts submitted by the Board, two have been submitted by the Union. Four districts are substantially smaller than Yorkville. Dover No. 1 employs 5.5 teachers, Norway J 7 employs 7.8, Raymond J 1 employs 6.65 and Waterford J 1 (T) employs 9.87. The District's seventh submission is Waterford J 1 (V), which has 41.57 teachers, almost twice the number employed by Yorkville J 2. Therefore, these five districts must fail as comparables because of non-comparable size.

Two districts put forward by the Association are also subject to criticism. It is tempting to include Paris J 1 because it is settled for 1987/88. Yet, it is so much smaller than Yorkville J 2 both in number of students and FTE's that it must be rejected for the same reasons set forth concerning the four districts urged by the District that were found to be too small. The second, Salem J 2, will be discarded for the same reason as Waterford J 1 (V). It has 45.5 teachers, more than twice Yorkville J 2.

Therefore, we are left with eight comparable districts, all of which have contracts in force for 1986/87 and one for 1987/88. The selected districts are comparable with Yorkville J 2 in average number of students and FTE's. The selected comparables shall be Bristol No. 1, Genoa City J 2, Randall J 1, Raymond No. 14, Silver Lake J 1, Twin Lakes No. 4, Union Grove UHS, and Wheatland J 1.

## HEALTH INSURANCE

### THE ASSOCIATION'S POSITION

The Association would preserve the language contained in the 1985/86 labor agreement which provides for a 100% employer contribution toward health insurance premiums. As expressed in this manner, the contract is plain and simple to interpret. If premiums go up, the Board pays 100%. If the premiums go down, the percentage is the same.

Since the Association supports the present contract language, it asks that the District be allotted the burden of supporting its suggested language. The Union argues that this burden has not been met.

The Association does have new contract language in mind. The parties have agreed to an increase in the sum paid to teachers not covered by the District's health insurance plan from \$250 per year to \$350 per year. The Association believes that the District saves enough money when relieved of the obligation to pay health insurance premiums to justify an increase in this payment from \$350 to \$400 in the second year of this contract.

### DISCUSSION

It is clear neither party views this issue as of over-riding importance. In its brief the District calls the difference "minor" and "not significant."

This may well be, but the issue is before the arbitrator and must be addressed. Here the major cost increase has been agreed to and the Union supports the existing contract language in the major cost area. The final offer of the Association is preferred.

## DENTAL INSURANCE

### THE DISTRICT'S POSITION

The District reminds the arbitrator that it already makes a 100% contribution to the cost of single dental coverage. It proposes to continue this practice. The dispute is over the payment for the family premium.

Under the present contract language, the employee contributes 63% of the family premium. Under the Board's final offer, that percentage goes up to 84% in the second year. This, the District maintains, is responsible and sufficient progress towards the 100% payment level. The Board believes that its offer is comparable to other districts and deserves support here.

### THE ASSOCIATION'S POSITION

The Association believes its position has two supports. The first is the practice in districts it deems comparable, all of which pay a larger percentage of the total family premium than Yorkville J 2.

Not only that, but Yorkville J 2's dollar contribution is well below average. Were the Board to pay a premium comparable to that paid elsewhere, the percentage would go up substantially, approaching 100% in the new contract's second year.

#### DISCUSSION

This issue was, in fact, decided earlier when the list of eight comparable districts was selected. All but one (Twin Lakes No. 4) pay 90% of the premium and in that district the cost to the employer is \$43.89 per teacher, more than 37% more than this district.

The Union's final offer is more reasonable and will be preferred.

#### LIFE INSURANCE

##### THE ASSOCIATION'S POSITION

The Association wishes to alter the terms of the present contract by separating the group life plan from the group disability plan, providing for life insurance at no cost to the teacher and for payment of one-half of disability cost by both the teacher and the District. The amount of available life insurance coverage would presumably be increased under this offer.

The Union states that the practice in comparable districts supports this offer. Only two districts do not offer life insurance. Of those that do, all but two pay a larger percentage of the premium than is paid by this District.

All but one comparable district offer LTD insurance to its teachers. Of these, all but one pay the full cost of the insurance.

##### THE DISTRICT'S POSITION

The District objects to this proposal as an attempt to alter fundamental contract language in arbitration rather than through negotiation. It made no final offer here, trusting in that position and in the weakness of the Union's proposal.

#### DISCUSSION

It is interesting to note that the 1985/86 labor agreement does not set forth the amount of group life insurance available, nor does it show the level of LTD coverage. It is only by reading the Union's brief that one learns the life component is \$10,000.

The parties' exhibits are also of limited utility. Is the program voluntary, as it is in Yorkville J 2, in comparable districts. How many policies are in effect in each district? One, as is now used here, or 2, as proposed by the Union.

Most important is the lack of information on coverage. Cost of insurance is based upon the coverage provided. Without more information, an informed decision is impossible, and the contract language should remain in its present form.

#### EARLY RETIREMENT

##### THE DISTRICT'S POSITION

The Board would preserve the present contract language which provides for payment of health insurance to teachers who elect to retire early, with a fixed annual cap of \$900.00. Referring to its list of comparables, the District argues that Yorkville J 2 teachers presently have adequate benefits in this respect.

##### THE ASSOCIATION'S POSITION

The Association has asked for an increase in benefit that would remove an existing dis-incentive to early retirement. It argues that the cost of this benefit would be reduced if not eliminated entirely by savings realized by replacing veteran teachers with new hires who would presumably receive lower salaries.

## DISCUSSION

Again, this matter is viewed as a side issue by the parties. Neither brief nor exhibit provide substantive guidance to assist the decision maker. In light of this, the present contract language would be preferred.

### SALARY SCHEDULE AND LONGEVITY

Here we turn to the heart of this decision. It seems there are three areas of concern. They are: (1) Longevity; (2) Addition of a 16th step to the salary schedule; and (3) The salary schedule itself.

Longevity is a serious matter and there is no intention here to treat this issue lightly. The additional step is not in itself attacked. The Union has argued that this addition is a tactical move by the Board designed to enhance the Board's position in an analysis of benchmarks. Important as these questions may be, they will be controlled by the general analysis of the basic salary schedule.

### THE BOARD'S POSITION

The Board has presented a great deal of information in exhibit form and has concentrated in its brief on the economic condition of the taxpayers in the District. Yorkville is primarily an agricultural region for land-use and the Board points out that the value of farm land has decreased substantially in the past year.

The agriculture sector is not the only depressed economic sector in the Yorkville district. Many citizens rely on employment in nearby urban areas and this employment has been subject to lay-offs and wage reductions in recent years.

Although the District makes no statutory claim it is unable to pay the costs of this contract, it cites this data in support of its contention that the burden on the District's taxpayers must be lessened.

The Board further indicates that salaries and benefits paid to its teachers have increased at a more rapid rate than the Consumer Price Index in the recent past and points out that its offer here is in excess of projected increases. Based upon that it urges a finding that its offer is more reasonable than the Union's.

The Board contends its salary offer for 1986/87 is more reasonable than the Association's. Even using a combined list of Union and District comparables, its offer improves the ranking in 1 of 7 benchmarks, maintains it in 5 of 7, and reduces ranking in only one. No similar analysis was prepared for 1987/88 due to the limited number of settlements in the comparable groups.

The District acknowledges that it has "loaded" its 1986/87 salary offer in the lower-paid section of the salary schedule. This continues the agreed salary adjustment policy for 1985/86 which called for 8.5% increase for lower-paid teachers and a 5.5% increase to more experienced teachers. It appears that experienced teachers who would normally have received a 1.5% longevity increase in 1985/86 would receive the 5.5% increase.

Furthermore, the Board argues that all Yorkville teachers receive pay increases each year for so long as they remain employed in Yorkville. This is in contrast to the practice in other districts, where no longevity provision is made. Even though the parties here dispute the computation of longevity, the fact remains that all will get a raise each year and thus the effect of the Board's salary position is substantially mitigated.

Finally, the District asserts that even though a salary schedule is referred to in the 1985/86 labor agreement, as stated above, the fact remains that the contract resulted in changes that generally so altered the relationship between the parties that the District is free from attack for trying to impose new conditions through arbitration, rather than in negotiation. Therefore, the final offers here must be considered on their respective merits, untrammelled by the terms of the 1984/85 contract.

### THE ASSOCIATION'S POSITION

The Union has two primary arguments. The first is that the 1985/86 labor agreement was a one-time, unique settlement of bargaining designed to reach agreement for one year only. This is true, even though the earlier, established increments and longevity were altered. That agreement was not designed to create a new salary arrangement between the parties and the Union, at least, expected that the 1984/85 contract would remain the basis for comparison in years following 1985/86.

The second argument relates to the manner in which the Board has structured its offer. Here the Association makes two primary points. The first is that the Board treats experienced teachers unfairly. The second is that the Board's offer is structured to look good in benchmark comparisons while costing little because so many Yorkville teachers are among the more experienced persons and therefore in the lower portion of the salary schedule or entirely off schedule.

In support of its final offer the Union points out that other districts labor under the same economic burdens as Yorkville, with the same cost of living, and with the same problems with the school tax rate. Nonetheless, those districts have settled for higher salary increases for their teachers than is proposed by the Board.

## DISCUSSION

It is not easy to accurately forecast package costs in these matters. Some factors have changed since the exhibits were presented here, especially the cost of health insurance. It is also hard to predict progress on a salary schedule by individual teachers to establish forecasted costs. For these reasons package costs are useful primarily to see whether or not the parties are reasonably close in their estimates and forecasts.

It is also hard to evaluate the "fairness" of one proposal as compared to another. Facts that existed yesterday regarding teacher placement on a schedule may not exist tomorrow. Here the Union has objected to the Board's 1986/87 salary offer as being unfair to experienced teachers. The District counters with arguments asking for "fairness" to new teachers and to the taxpayers. Both arguments have merit, surely, but neither is controlling absent supporting evidence.

Comparables are used in these proceedings to ascertain "fairness." That is, are the employees of a bargaining unit being treated fairly in comparison with other persons similarly situated. And comparables address the salary schedules as a whole and do not ask that comparisons be made between placement of individual unit members on the various schedules.

The economic condition of a district's taxpayers may be a controlling factor when contract costs and schedules are close. In this matter, the difference in cost between the two final offers is relatively small, even though there is disagreement as to the manner of computing the totals. Yet, when a clear and controlling difference can be discerned from the comparables, the economic health of the district may be of less importance, particularly when all of the comparable districts are subject to similar economic conditions, as they appear to be here.

Analysis of comparables is made difficult here not because of the districts chosen but because of the information presented by the parties. Neither party presented information on comparable benchmarks and the Board's protest against using the 1985/86 salary positions complicates things further.

Faced with these difficulties, it is still possible to construct a set of comparables that can give guidance to the arbitrator. This set relates to the high, low and average salaries in benchmarks for 1984/85 to those of the parties for 1986/87. Using the benchmarks favored by the Board, one finds that in virtually every instance both final offers result in a worse position for the Yorkville teachers in 1986/87 than in 1984/85. In other words, the Yorkville District has not kept pace with comparable districts, using the benchmarks most favorable to the Board as applied to the comparable districts selected above.

We turn now to the 1987/88 salary offers. The District has offered an across the board increase of \$800 per year. The Union has requested \$1,320. The offer of the Board would result in a salary increase ranging from a high of 4.73% in BA 0 to 3.21% in MA 16. In most cells, the percentage increase is below the increase in the cost of living for 1988 as set forth in the Board's brief.


The Union's offer is higher and, of course, results in a higher percentage increase. There is only one district settled for 1987/88 among the comparables. Raymond No. 14 has signed for a \$1,350 increase across the board. Raymond No. 14 has not been a leader in granting salary increases, and has generally maintained its relative salary position between 1984/85 and 1986/87 among the comparables. It is proper to find its increase is reasonable and therefore it will be considered as a comparable.

The Union's offer is thus to be found more reasonable than that of the Board for 1987/88. Coupled with the finding that the Union's 1986/87 offer will tend to diminish the drop in relative average position of the Yorkville teachers, the final offer of the Association must be selected.

DECISION

Based upon the foregoing discussion, the final offer of the Yorkville Federation of Teachers shall be incorporated in the 1986/88 labor agreement, together with the stipulations agreed to between the parties.

Dated this 23<sup>d</sup> day of July, 1987, at Madison, Wisconsin.

  
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ROBERT L. REYNOLDS, JR., Arbitrator