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STATE OF WISCONSIN
BEFORE THE MEDIATOR/ARBITRATOR

In the matter of the petition of
ALGOMA EDUCATION ASSOCIATION
To initiate Mediation-Arbitration
between said Petitioner and
ALGOMA SCHOOL DISTRICT

Daniel Nielsen
Decision No. 24447-A
Case 16, No. 38114, MED/ARB-4234
Order Appointing: 5/28/87
Date of Hearing: 7/15/87
Record Closed: 9/12/87
Date of Award: 11/11/87

Appearances:

Wisconsin Association of School Boards, Box 160, Winneconne WI 54986, by Mr. William G. Bracken, Director of Employee Relations, appearing on behalf of the Algoma School District.

Bayland Teachers United, 1136 North Military Avenue, Green Bay WI 54303, by Mr. Lawrence J. Gerue, Program Director, appearing on behalf of the Algoma Education Association.

ARBITRATION AWARD

The Algoma Education Association, hereinafter referred to as the Association, and the Algoma School District, hereinafter referred to as the District, were parties to a collective bargaining agreement having an expiration date of June 30, 1987, and containing a limited reopener for the 1986-87 school year. On October 6, 1986, the parties exchanged their proposals for the reopener. Thereafter, the parties met on three occasions. On January 15, 1987, the Association filed a petition to commence Mediation-Arbitration pursuant to Section 111.70(4)(cm)6, MERA. A WERC investigator met with the parties on April 2, 1987 and determined that the parties wer at impasse. The parties submitted their final offers to the investigator by April 4th, and the Commission issued an Order Requiring Mediation-Arbitration on April 27th.

The undersigned received an Order Appointing Mediator-Arbitrator on May 30th. On July 15th, the undersigned met with the parties for the purpose of mediation. The parties were unable to reach agreement, and a hearing was held on that same day in Algoma, Wisconsin, at which time the parties were afforded full opportunity to present such evidence, testimony, and arguments as were relevant. The parties submitted post-hearing briefs and reply briefs, the last of which were exchanged through the undersigned on September 12, 1987, whereupon the record was closed.

Having considered the evidence, the arguments of the parties, the statutory criteria of Sec. 111.70, and the record as a whole, the undersigned makes the following interest arbitration Award.

I. ISSUE

The parties successfully resolved all outstanding issues except for the amount of the wage increase to be received by the District's teaching staff and the differential between educational lanes. The Association characterizes the dispute as being over the single issue of what the salary schedule should be, while the District argues that the question of the differentials is significant and separate issue which must be considered on its own merits.

The Association has proposed that the base salary be increased from its 1985-86 level of \$15,450 to \$16,230 in the 1986-87 school year. In addition to increasing the base by \$780, the Association proposes to increase the horizontal lane differential from the current \$200 to \$250. These changes result in a salary increase of 7.2%, or \$1,753 per teacher.

The Board has proposed a base salary of \$15,950, up \$500 from 1985-86, while retaining the \$200 lane differentials. This represents an increase of \$1,175 per returning teacher, or a 4.8% increase in salary.

II. STATUTORY CRITERIA

The Mediator/Arbitrator is required to consider the factors enumerated in Sec. 111.70(4)(cm)7, MERA in selecting the most appropriate offer. §111.70(4)(cm)7 provides:

"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 service and 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 private employment."

III. POSITIONS OF THE PARTIES

Brief Of The Association

The Association takes the position that its offer is preferable under the comparability criterion of §d, and that this should be the primary consideration in the Arbitrator's analysis of the dispute.

There is no argument between the parties as to the appropriate grouping of primary comparables. Arbitrator Grenig established, in his 1983 Award between the parties, that the pool of comparables would be the school districts of Denmark, Gibraltar, Kewaunee, Luxemburg-Casco, Mishicot, Sevastopol, Southern Door and Sturgeon Bay. Of these eight schools, three had reached settlement for the 1986-87 school year at the time of the hearing. Denmark and Gibraltar had achieved voluntary settlements, while the parties in Luxemburg-Casco received an Award from Arbitrator Fleischli. The three settlements, when compared with the offers of the parties in this case, clearly support the Association's position:

Dollar Increase Per Teacher, 86-87

Denmark	\$ 1,754
Gibraltar	\$ 1,723
Luxemburg-Casco	\$ 1,138
Average of Comparables	\$ 1,538
Association Final Offer	\$ 1,753 (+215)
District Final Offer	\$ 1,175 (-363)

Given that the settlements in Algoma have been at or below the average for the comparables in recent years, there is no convincing argument that can be made for the Board's unreasonably low offer. While the Association offer is somewhat above the average settlement this year, the significant deterioration suffered by Algoma's teachers over the past several years

relative to other teachers in the area justifies a certain amount of catch-up to other districts. This is shown by the following table:

<u>YEAR</u>	<u>BA Base</u>	<u>BA 7</u>	<u>BA MAX</u>	<u>MA Base</u>	<u>MA 10</u>	<u>MA Max</u>	<u>SCHEDULE Max</u>
1981-82	7	7	6	8	5	3	2
1982-83	9	8	7	9	8	4	2
1983-84	7	7	4	9	8	4	3
1984-85	7	7	4	9	8	6	5
1985-86	6	6	4	9	8	6	6

The District's teachers are paid below the average at all but one of the benchmarks, and have suffered serious loss of rank in the MA columns, where teachers at the MA Base and the MA+10 were paid \$418 and \$552 less than their colleagues at other comparable schools. A comparison of the of the situation in 1985 and (using the average for the 3 settlements) the 1986-87 school year dramatizes the problem for teachers in the Masters lanes should the Board prevail:

<u>BENCH MARK</u>	<u>1985-86 Difference Algoma vs. Comparables</u>	<u>1986-87 Settlements Average Salary</u>	<u>1986-87 Board Offer Dollar Difference</u>	<u>1986-87 Association Offer Dollar Difference</u>
BA	-\$ 23	\$ 16,290	-\$340	-\$ 60
BA 7	-\$112	\$ 21,263	-\$528	-\$164
BA MAX	+\$ 2	\$ 27,154	-\$517	-\$ 50
MA	-\$418	\$ 17,505	-\$755	-\$275
MA 10	-\$552	\$ 25,325	-\$1037	-\$342
MA MAX	+\$164	\$ 29,169	-\$359	+\$466
SCHEDMAX	+\$358	\$ 29,583	-\$173	+\$802

The Board's offer exacerbates the already poor competitive rank of the District salaries, while the Association seeks to close the gap between its members and the average teacher at comparable schools. The MA lanes, where the most serious erosion has occurred, are improved somewhat by the Association offer. That improvement is justified by the already noted drop in rank over the past five years.

The addition of \$50 to the lane differentials is justified on the basis of sound policy and comparability. It is commonly accepted policy that districts should encourage their teachers to improve their educational background, through the performance of additional coursework and by obtaining advanced degrees. The higher the differentials between the BA lanes and the MA lanes, the greater the incentive for teachers to improve themselves. Thus, the Association's offer is more desirable than that of the Board.

As to comparability, the history of lane increment changes in the conference shows that all but two, Algoma and Luxemburg-Casco, have greatly improved the differentials between the BA and the MA lanes over the last five years. Currently Algoma is dead last among the comparables in having an \$800 differential between the BA and MA lanes, compared to an average dollar figure differential of \$1364.

The history of settlements among the comparables, together with the features of current settlements, show that the Association's offer should clearly be preferred both as to the total amount of the increase and the placement of the salary dollars on the schedule.

Turning to the "interests and welfare of the public" criterion of Sec. 111.70, the Association notes that there are many "publics", including teachers, students and taxpayers. While there is a general argument that low salary increases serve the taxpaying public, this argument cannot be said to have some unique application to Algoma. The public interest in low taxes must be balanced against the public interest in attracting persons of quality to the field of education, and the interests of students in areas with struggling economies in gaining the quality education that will enable them to better their situations. The Association notes that many arbitrators have required districts to show that economic conditions somehow distinguish their desire for a lower settlement from that of their neighbors. Nothing in this case suggests that Algoma is in particularly better or worse condition than the districts which have reached settlements. The Association notes that much of the Board's data on local economic conditions is, at the very least, questionable. The Board cites two contradictory figures for the local unemployment rate, and attempts to show the condition of local private sector employers through six selected questionnaires. The inadequacy of the Board's proof, together with the fact that there is nothing to distinguish this District from any others, points to the difficulty of relying on the "public interest" criterion.

The question of the consumer price index should not enter into this decision, the Association argues. The best measure of the CPI is the level of settlement achieved in similar districts. The negotiators in those districts have presumably considered the cost of living, together with such factors as the labor market and political conditions in reaching agreement. CPI is lower than either offer, and any settlement. Plainly the relative importance of the cost of living has been downplayed in determining the appropriate amount of increase for teachers, just as it was when the Associations argued its importance during the inflationary years of the late 1970's.

Finally, the Association notes that the ability to pay criterion has no application to this case. There is no evidence to show an inability to pay the increases provided in either offer. The Association concedes that the District has a higher per pupil cost than other districts in the conference, but that reflects the unique arrangement in Kewaunee County of having no county run or CESA run special education facility. Instead, the District serves as the fiscal agent for a consortial arrangement including Algoma, Kewaunee and Luxemburg-Casco. Since the monies for this program run through the District, they appear in the per pupil costs and the teacher-pupil ratio and distort both figures. Given the fact that the salaries in dispute are those for last year, there can be no question of a tax increase to pay for the offers in the years to which they are relevant. Thus ability to pay is irrelevant.

Brief Of The District

The District takes the position that there are two distinct issues presented by the offers of the parties, and that the District offer should be favored on both. The offers present different salary packages, of course, but the Association offer additionally makes a major and unjustified change in the structure of the salary schedule. This is accomplished by changing the horizontal increments from the \$200 difference that is the status quo to an increment of \$250.

The District notes that the negotiations here were conducted in the context of increasing state concern over levels of spending by municipalities. The Wisconsin Expenditure Commission identified high spending by local government as a major problem, and salary costs as the most significant component of the problem. Property tax relief, a widely acknowledged priority of Wisconsin government, must start with moderation in the amount of increase granted to school

district employees, since schools take the lion's share of the property tax bill, and salaries represent up to 75% of the total budget.

The District itself has characteristics which suggest moderation in wage increases. The levy rate is the second highest in the comparable group. The cost per member is high relative to the comparables, while state aids, valuation and enrollment are all on the decline. These all contribute to an unacceptably high rate of increase in local taxes, estimated at 18% for 1986-87. In light of these figures, and the enviably low pupil-teacher ratio and competitive salaries paid to District teachers, the 5% increase offered by the District is eminently reasonable on its face.

Turning to the specifics of the offers, the District challenges the Association's proposal for an increase in the horizontal increments of the salary schedule. The change from a \$200 horizontal increment to a \$250 increment. This fundamentally changes the historical relationship between relative levels of education which have been established by the parties bilaterally. The Association, as the party attempting force this change, bears a heavy burden of proof to show that it is a necessary change. No such proof exists. The record is devoid of evidence showing a drain of teachers from Algoma or difficulty in recruiting new teachers. Neither is there any proof that the change, if somehow desirable, could not be achieved through voluntary negotiations. This case represents only the second time the parties have required an award to settle their differences. Absent compelling evidence of need, arbitration is an inappropriate vehicle for realizing major changes in the contract. The Association has failed to show need for the substance of the change or for the use of arbitration to secure change.

The District responds to the Association's evidence showing a disparity between the BA and MA Base in Algoma when compared with other districts. The District notes that the averages presented for the comparables includes Sturgeon Bay, which eliminated the "0" step on its MA lane several years ago. Thus the comparison is between BA Base and MA step 1 on that schedule. This significantly distorts the averages. By eliminating Sturgeon Bay from the comparables for this purpose, the standing of Algoma is improved, although it remains somewhat below average. Several reasons exist for this less than average standing.

The teachers in Algoma are relatively inexperienced. This causes the District to have a higher than usual cost for increment payments, reducing the amount that can be expended on

structural changes. Furthermore, the staff in Algoma is found primarily in the first two BA lanes. Over 50% of the District's teachers occupy these lanes. In determining where scarce dollars should be spent, the Board reasonably decided to devote their resources to increases across-the-board, benefiting all teachers. The District notes that Algoma's teachers can take advantage of eight educational lanes, which provide ample opportunity for movement, and ample incentive for movement. Only one school among the comparables has more educational lanes than Algoma, and five have fewer. Finally, the District notes that teachers in Algoma have an incentive for movement not available to most teachers, and that is that teachers in the MA lanes receive experience increments based upon a percentage of the MA Base rather than the more traditional BA Base. Use of this higher base makes an additional year of experience in the MA lanes worth more than a year of experience in the BA lanes. Thus, despite the slightly lower differential between the BA Base and MA base, the District and the Association have established a system that adequately encourages additional education for staff members. This system needs no change, the District alleges, and the arbitrator should not allow a change.

Before addressing the issue of overall salary, the Board cautions the arbitrator that the set of comparables contains several districts which have material differences from the District, differences which distinguish them from Algoma and reduce their usefulness as comparables. As previously noted, Sturgeon Bay eliminated the "0" step on the MA base, thus artificially raising the amounts shown on their schedule for that lane. Denmark is distinct from Algoma for two reasons. First, Denmark reached agreement of this year on the basis of a freeze in the experience increment. This allowed the parties to put an abnormally high amount of money on the schedule itself. This makes Denmark virtually useless as a comparison for benchmark salaries. Denmark has been attempting to "catch-up" to other schools in the area for years, and thus used the freeze and an unreasonably high increase to achieve this goal. This distinguishes them from the instant district. Denmark also has the lowest cost per pupil and the highest pupil-teacher ratio among the comparables. These factors allow for a greater degree of increase in Denmark than is possible in Algoma.

Gibraltar is also distinguishable from the District, in that its settlement for 1986-87 is the first year of a two year agreement. This allows for the possibility that the parties there front-loaded the contract, putting more money in the first year than the second, and making the first year look more generous when viewed separately than it actually will be. More importantly, though, Gibraltar is an extremely wealthy district. Gibraltar is a very small district, with land values more than six times higher than Algoma's. It receives no state aids and

has a mille rate of 4.00, compared with Algoma's 13.75. Gibraltar is "in another world" from Algoma, and cannot be held out as a persuasive comparable.

Given the small number of settlements, and the important distinctions between Algoma and two of the settled districts, The Board alleges that there is no settlement "pattern" to guide the arbitrator, and that the other statutory criteria must take on greater importance. This is consistent with a strong line of arbitral thought, and the Board cites numerous cases to bolster this view.

The primary focus of the arbitrator should be directed to the "interests and welfare of the public." The Board points to a wealth of evidence showing that the Wisconsin economy is out of balance when personal income is measured against the tax burden imposed on state residents. A large measure of the this burden comes in the form of local government costs, as is reflected in recent efforts by state officials to control local spending. The most significant piece of evidence offered in support of this proposition is the final report of the Wisconsin Expenditure Commission, which details the need to limit salaries and benefits for local employees.

Given the fact that Algoma has a large rural constituency, the plight of the farmers should also be considered by the arbitrator. Falling commodity prices, land values and price supports have significantly reduced farm income and increased farm bankruptcies. The dismal state of the farm economy is worsened by increases in property taxes caused by increasing school costs. In such a climate, the Association's proposal for a 7.2% package increase is unreasonable. The taxpayers of Algoma must be given some consideration, as the clear public interest lies in holding down tax rates.

The District argues that many arbitrators have given controlling weight to the public interest in stabilizing tax rates in recent years, even where a pattern of settlements in other school districts supports the higher offer of the teachers. This is particularly true where, as here, farmers make up a large portion of the taxpaying public. The fact that the interests of the public are not as easily quantified as comparability data does not mean that it can or should be given less weight than comprables. Indeed, in a case such as this hwere the comparable districts have not achieved any meaningful pattern, the interests of the public should be given controlling weight. The Board argues that this dictates selection of its final offer.

Even though salary comparisons should not have any

particular bearing on the outcome of this case, the Board asserts that Algoma's salaries are competitive with those paid by other area schools. Last year's settlement was virtually identical, in both percentage and dollars per returning teacher terms, with the settlements throughout the rest of the comparability group. A review of Algoma's relationship to comparable schools at the benchmarks shows Algoma to be well within the ballpark on salaries:

	<u>Algoma's relationship to the other comparables in 1985-86 school year</u>
BA Base	\$102 less than the average
BA 6	\$109 less than the average
BA Maximum	\$ 40 more than the average
MA Base	\$659 less than the average
MA 9	\$559 less than the average
MA Maximum	\$ 4 less than the average
Schedule Maximum	\$ 58 less than the average

Algoma will remain competitive with other schools if the Board's offer is accepted. The increment freeze in Denmark makes that school "uncomparable" for purposes of any benchmark analysis. Using Gibraltar and Luxemburg-Casco, the Board offer is closer to the average at every benchmark than is the Association's offer. Even if one compares the settlements on a salary dollars only basis, including Denmark, the Board offer is only 1.6% off the average, while the offer of the Association is 0.8% above the average. Granting that the Association offer is slightly closer to the average, the Board argues that it is well within the range of reasonableness. This is particularly true when one considers the fact that Algoma's teachers receive a vision insurance benefit not offered anywhere else in the comparable group. This has the effect of increasing their compensation, and making the Board's offer even more competitive.

While a comparison of these offers with other teacher settlements is inconclusive, the Board notes that other negotiated settlements in the public and private sectors support the Board's position. National data shows that private settlements have substantially moderated, running between 2% to 3%. In Algoma, private sector settlements range from 3% to 6%. All of these settlements are more consistent with the Board's 4.8% offer than the 7.2% demanded by the Association. Public sector settlements in Kewaunee County have similarly supported the Board position, ranging

from 0% to 3.5% for non-educational sector employees. The internally comparable settlement with the District's represented Auxiliary Staff, at a 5% increase, further supports the District's offer.

Turning to considerations of cost-of-living, the Board strenuously maintains that this criterion must be considered separately, and cannot be subsumed by the settlements in other Districts. The offers of both parties greatly exceed the 1.2% inflation rate during the applicable time period, with the Board's being much closer. In weighing the competing offers, the arbitrator should take note of the real increase that is being sought by the Association - that is, the amount of increase that exceeds the inflation rate. Over the past five years, the rate of real increase in the District has been between 2.1 and 5.9%. The 6% real increase in package sought this year would be the highest increase in five years -- a result that is at odds with economic trends and conditions in the District.

In summary, the Board asserts that it has attempted the difficult task of adequately compensating its excellent staff, while remaining sensitive to the needs of District taxpayers. The Board urges the arbitrator to conclude that its offer of 4.8% more reasonably balances these competing concerns than does the offer of the Association.

The Reply Brief Of The Association

The Association takes issue with the Board's claim that three settlements are not sufficient guidance for the arbitrator. Numerous arbitrators have found a useful pattern in a relatively small number of settlements. Further, the efforts of the Board to distinguish several comparable districts are purely self-serving. Every district can be distinguished from every other district. There will always be differences. The Association accepted the use of Luxemburg-Casco, even though it more closely reflects the Board's position than the offer of the Association. A comparable is a comparable, and the parties should accept those that work against them as readily as they embrace those which support them.

The Association takes particular exception to the comments of the Board speculating that there may be elements of the Denmark and Gibraltar settlements that distort their cost. The evidence of those settlements is in the record and Board efforts to distinguish them by imagining other portions of the bargain are inappropriate.

With respect to the proposed increase in the lane differentials, the Association argues that ample evidence has

been presented in support of the modest increase. The Association again points to the disparity in pay at the BA and MA bases, and the failure of the District to increase the differential in over five years. Arbitrators commonly grant increases in differentials where a schedule has fallen out of line with the educational incentives offered in other districts. Contrary to the allegations of the Board that there is a built-in incentive to move across lanes, the placement of over 50% of the District's staff in the BA lanes shows that there is no incentive.

The District claim that its salary money is consumed by the payment of experience increments to its young staff is simply not true. Over half of the staff is at the top of the schedule in experience and no longer receives an increment payment. Given that the District has no longevity pay provision, the claim that there is no money for improving the educational incentive because of experience increments is plainly an attempt to deceive the arbitrator.

In response to certain of the economic data cited by the Board regarding District conditions, the Association notes that the District is neither better nor worse off than any of its comparables in the amount of cost per student generated by local taxes. The District claim that there will be a decrease in state aids for 1986-87 is simply untrue. The Board's own exhibits show an anticipated increase of 2%. The citation of tax delinquencies in the District is meaningless, since the figures cited are for the entire county, and do not show how this district is affected. Much of the other evidence cited by the District, particularly that concerning farm economics, is cited selectively in an effort to distort the true meaning of the Board's own exhibits.

The Board claims that the taxpayers of Algoma would be outraged by an increase of the size proposed by the Association, and have made this clear. The Association notes that the taxpayers of the District voted in favor of the highest school tax levy in recent history at the 1986 annual meeting. Further, there was no public hearing prior to this arbitration proceeding at which the district taxpayers expressed reservations about the Association offer. While the public certainly does not want higher taxes, there is no evidence of an aroused citizenry demanding that the Board pay smaller increases to teachers.

Finally, the Association asserts that the Board's decision to grant the District Administrator an 8.5% increase rebuts its own arguments about the need for only modest pay raises for public employees. This is an important internal

comparable. Many arbitrators have found internal comparability determinative in cases such as this. Because the amount awarded to the District Administrator was in excess of the Association's final offer, the Arbitrator should find in the Association's favor on the basis of internal comparables.

The Reply Brief Of The District

The District takes issue with the Association's failure to properly identify the dispute before the arbitrator. The Association characterizes the issue as being simply one of compensation. The District stresses that the proposal to increase the educational lane differential by \$50 per lane is a separate and significant dispute.

The lack of reliable teacher-to-teacher comparison data makes private sector settlements and non-teacher public sector settlements very important to the determination of this case. The District disputes the Association's attempts to downplay these settlements. As a matter of statute and common sense, the arbitrator must consider the environment in which negotiations take place. This is reflected by the settlements in other sectors.

The District has not raised an argument that it is not able to pay the increase requested by the teachers. Even so, the data produced by the District shows that the residents of the District have an inability to pay higher taxes. The District acknowledges that it has the ability to pay the higher settlement by raising taxes, but urges that the arbitrator consider local economic conditions as reflecting on the appropriateness of a lower award.

The Association's five year analysis of wages in Algoma and other districts is irrelevant. The fact is that the districts have all reached whatever salary arrangements they have through the process of negotiations. Any loss of position or advance in the rankings is the result of the bargain the parties have made. The Arbitrator should not reopen those negotiations by questioning their results. The benchmark comparisons themselves reveal that the District remains very competitive. Comparable does not mean identical. While the District is below the average at a number of benchmarks, they are within a reasonable range. The MA and MA 10 steps are the places of greatest disparity in the schedule, but the District has only one teacher in those steps.

The District again stresses that Denmark is not a comparable settlement in this year because of their increment freeze. The true benchmark comparison excluding Denmark support the District's position.

The District's evidence regarding general economic conditions should not be disregarded as urged by the Association. Bargaining is not conducted in the abstract. Economic conditions, as shown by the Board's exhibits, provide the backdrop for negotiations, and the outcome of the bargain should reflect those conditions.

The Association claims that the Board has cited two different figures for the unemployment rate is incorrect. The figures presented in Board exhibits show the rate for the entire year of 1986, and the rate for the first two months of 1987. The Association claim that only selected bits of information were presented to show employment conditions in Kewaunee County is also incorrect. The Board submitted into evidence all of the wage surveys that it had received.

Responding to the Association's argument about the raise received by the District Administrator, the Board notes that he did, in fact, receive an increase of 8.5% in 1986-87. That increase was, however, in response to the previous year's teacher increase of 9.1%. The salary increases for the Administrator have traditionally lagged behind those of the teachers.

Finally, the Board strongly rejects the Association argument that cost of living data is not relevant to this dispute. Not only does the statute mandate that the cost of living be considered, but the practice of deferring this judgment to the decisions of other parties obscures the weight that should be accorded CPI. The real income of the teaching staff will be significantly improved by the Board offer, and that offer should therefore be preferred.

IV. DISCUSSION

A. Issue

The Association characterizes this arbitration as a one issue case involving only a question of salaries to be received by District teachers in the 1986-87 school year. The Board, on the other hand, characterizes the Association offer as proposing both a significant salary increase and a fundamental change in the salary structure. The proposal to increase educational lane differentials by \$50 is the structural change alleged by the District.

The undersigned agrees that the Association's proposal to change the relationships between educational lanes makes this more than a simple question of salary levels. The degree

to which a salary schedule offers incentives for additional education is as much a question of philosophy as economics. As such, it presents a distinct issue from the amount of the increase.

B. Comparables

The parties stipulated to the set of comparables for Algoma, adopting the eight districts cited by Arbitrator Grenig in his 1983 Award:

Denmark	Gibraltar
Kewaunee	Luxemburg-Casco
Mishicot	Sevastopol
Southern Door	Sturgeon Bay

The District, however, urges that the settlement in Gibraltar be discounted because the characteristics of that district (wealth of the residents, per-pupil equalized value, small size, low millage rate) distinguish it from the remaining schools. While the undersigned agrees that Gibraltar is radically different in many respects from Algoma, there is nothing in the record of this hearing to suggest that those differences did not exist at the time the parties stipulated to this same set of comparables before Arbitrator Grenig. It makes relatively little sense to stipulate to a comparability group, and then dispute the comparability of a member school. Given the historical reliance of the parties on the group as constituted, including Gibraltar, the undersigned will not alter the stipulated comparables.

C. The Educational Lanes Differential

For at least the past five years, the District has maintained a differential between educational lanes of a flat \$200. The Association proposes to change this to \$250, while the District seeks to maintain the status quo. The Association's rationale for this change is that the District has fallen behind others in compensating employees for additional education.

While the undersigned agrees with the District that Sturgeon Bay's elimination of the MA "0" step several years ago distorts the averages somewhat, the evidence is clear that the District lags behind comparable districts in the incentives it offers for movement through the educational lanes. The disparity, however, is the result of bi-lateral agreement. Lane differentials were not a disputed issue in the 1983 arbitration, and all of the other agreements within

the span cited by the Association were reached voluntarily. The parties have, until this year, agreed that the acceptable incentive for movement across lanes is \$200. If the Association has disagreed with that amount, there were presumably other elements of the prior settlements that offset their concern. The simple fact that there has been an erosion of relative position with the consent of both parties does not justify a change in the status quo through arbitration, absent some evidence of a quid pro quo for the District. The record shows no such trade-off.

The educational incentive is much more of a question of philosophy than is the experience increment. A teacher will become more experienced each year, whether they are paid for it or not. Payment of the increment will not cause the teacher to become more experienced, will not influence his or her behavior while employed by the district. The amount of educational incentive, on the other hand, will presumably affect the teacher's decision to seek additional credits. While the undersigned agrees with the Association that payment for additional education is a wise investment, he also agrees with the vast majority of arbitrators who hold that such changes in philosophical underpinnings of the schedule are more appropriately left to the parties than the Arbitrator.

The undersigned finds that, on the issue of lane differentials, the final offer of the District is preferable.

D. The Salary Increase for 1986-87

The Association has proposed an increase of 7.2% in salary, featuring an increase of 5.048% in the BA Base and a per returning teacher salary dollar increase of \$1,753. This generate a total package increase of 7.2%, or \$2,228 per returning teacher. The Board has proposed to increase the BA Base by 3.236%, generating a salary only increase of 4.8%, or \$1,1753 per returning teacher. This is a total package increase of 5% over 1985-86, or \$1,540 per returning teacher.

In analysing the salary issue, the undersigned will discuss first the question of comparability, since it has traditionally been a determining question in interest arbitration, and has been extensively disputed by the parties. Each of the remaining statutory criteria will then be discussed in turn.

1. §111.70(4)(cm) 7(d) MERA - Comparable Employees

Three of the eight comparable school districts have achieved 1986-87 salary agreements. Denmark and Gibraltar

reached voluntary agreement, while Luxemburg-Casco received an Award from Arbitrator George Fleischli. The teachers in Denmark received a per returning teacher salary increase of \$1,754. In Gibraltar, the increase was \$1,723. The award in Luxemburg-Casco was \$1,138 per returning teacher.

The Association strongly argues that these comparable districts have established a pattern of settlements which must control the outcome of this case. The District asserts that the settlements are too few in number to constitute a persuasive pattern, and directs the arbitrator's attention to other statutory criteria.

The undersigned is of the view that the three settlements available at the time of hearing cannot be characterized as a pattern. This is not, as the District suggests, because they are too few in number. Rather it is because there is such a conflict between them. Two of the settlements are within \$30 of the Association's cost per teacher, while the Award in Luxemburg-Casco is \$37 less than the Board's offer. This is a gap of approximately \$600 per teacher. While one can, as the Association has done, average these settlements, that average will not come close to approximating an existing settlement. The parties in this area have apparently adopted widely disparate goals and stuck to them, with settlements or awards coming in only at or near the goal. To date, with only two settlements in on the Association's side, and one in favor of the Board, it cannot be said that there is an emerging consensus in favor of one party's goal. It is the relatively even balance between the settlements, rather than their small number, that prevents them from being a reliable indicator of which offer is more reasonable.

The Association directs the undersigned to a comparison of the benchmark rankings of the Algoma schedule in comparison with schedules at other schools. This is in the form of a "catch-up" argument, ie that the teachers are deserving of a somewhat larger increase because their current compensation is below average. The undersigned is not persuaded that the Association has made a case for this argument. First, while the teachers have lost rank in the past five years in the MA lanes and at the schedule maximum, they have improved their position in each of the BA lanes. The only erosion in position over the past four years has been at the MA Maximum (4th to 6th) and the Schedule Maximum (2nd to 6th). Thus it cannot be said, as a generalization, that the District's teachers have been losing relative position. Moreover, the fact that the benchmarks for the Algoma schedule are somewhat below the average does not, in and of itself, mandate a larger than average increase. Inevitably, some group of teachers will be below the average and another above. The

parties have negotiated that placement. Unless the disparity is so great as to render salaries uncompetitive, these past salary agreements should not be open to relitigation in the guise of catch-up. There is no evidence here that the District is not able to compete for teachers, or suffers a larger than normal turnover as a result of low salaries.

An offer which maintains rank among the comparable group is preferable to one which alters the position of a district's teachers relative to their peers. Given the vastly disparate settlements, it is not possible to determine which offer will best provide this stability. There is no basis for a larger than normal increase to improve the ranking of District teachers. Thus, I find the comparison of salary levels between Algoma and its comparables to be inconclusive.

The District urges that the undersigned give substantial weight to the data it provided on settlements in the private sector, all of which favor selection of the District offer. As the undersigned indicated to the District's advocate at the hearing, the information provided regarding private sector settlements in Algoma was anecdotal and not entitled to any particular evidentiary weight. The Association is correct in noting that the salary information summary provided for the record does not reflect bonuses or package costs. Moreover it is impossible to state with any certainty what portion of the District's taxpayers are represented by those employers. Accurate information about private sector settlements is notoriously hard to come by, and the undersigned has some sympathy for the difficulties faced by the District in securing such data. The fact remains, however, that the form of the information, and its anecdotal nature, render it of little use in determining the correct level of private sector settlements.

Turning to the level of settlements among other employees in public employment, the undersigned finds that these clearly favor the Board. The represented employees of the district support staff reached a settlement at 5%. Employees of Kewaunee County bargained increases of 3.5%, while represented employees of the City of Algoma received an increase of 2.5%. It is true that other municipal employees have traditionally received somewhat smaller increases than have teachers. This may reflect a policy judgment regarding the need to boost teachers' salaries at a rate faster than those of other employees in order to remedy past underpayment. Without regard to the reasons for this phenomenon, it does tend to mitigate the degree of support the District derives from the lower settlements among other public employees. While its impact may be reduced, the undersigned's consideration of this factor favors selection the District's final offer.

While both parties discuss the increase received by the District Administrator for the 1986-87 school year, this has very little bearing on the appropriate level of increase for represented teaching staff. It is a questionable proposition, at best, to state that the likely outcome of collective bargaining can be inferred from the School Board's unilateral actions on pay for administrative staff.

While no pattern can be discerned, the fact that two settlements in other districts support the Association and only one district settlement mirrors the Board's offer, offers some slight support to the Association position. The settlements among non-teaching represented public employees supports selection of the Board's offer. Consideration of this criterion is inconclusive.

2. §111.70(4)(cm) 7(a,b) - Lawful Authority/Stipulations

No arguments were raised by either party regarding these criteria.

3. §111.70(4)(cm) 7(b) - Interest and Welfare of Public

The Board dedicated a great deal of its argument to consideration of the Wisconsin Expenditure Commission's report on local spending. This report, the Board alleges, establishes a strong public policy in favor moderating salaries for local government employees. The undersigned disagrees. The interests and welfare of the public in Algoma relates to the specific citizenry of the municipality. Reports such as the Wisconsin Expenditure Commission or A Nation at Risk are statements by study bodies which become public policy when they are acted on in some specific way by a legislative body. The findings in these reports may provide data for policy arguments, but their mere existence does nothing to define the interests and welfare of the public in Algoma.

The Board asserts that the difficult farm situation and the already high tax rates in the Algoma School District argue in favor of a more modest increase in this year than has been the rule in the past. The Board overstates the impact of the farm economy on the District, but it is plainly a relevant consideration. In combination with the relatively high levy rate and the high tax delinquency rate in the area, the local economic data does support a conclusion that the District's taxpaying public has a legitimate interest in controlling spending. The local focus of this interest entitles it, in the absence of a contrary settlement pattern, to greater weight than such generalized public interests as are represented by the Association's valid claim that the public is

well served by higher pay for teachers.

4. §111.70(4)(cm) 7(e) - Cost of Living

The District correctly argues that the cost of living criterion of §7(e) is a separate factor in determining which offer is preferable. Contrary to the District's claim, however, the reason that the cost of living seldom overcomes a clear settlement pattern is not because it loses its identity as a separate criterion. Like the interests of the public in many cases, the cost of living is part of the environment in which bargaining takes place. A clear settlement pattern shows the outcomes of bargaining in that environment. Thus the pattern provides arbitrators with guidance as to how much weight each of the criteria might appropriately be assigned in attempting to select the offer which most closely reflects what the result would have been had the parties reached voluntary agreement. Notwithstanding such arguments, there is no pattern of settlements here which might overshadow the cost of living.

The cost of living for the relevant period was 1.2%. The offers of the parties both exceed this figure. The District is correct in noting that the Association's offer provides a real wage increase in excess of those secured in recent years in less than prosperous times. Lacking any pattern of settlements to support this offer, the cost of living criterion weighs against the Association position.

5. §111.70(4)(cm) 7 (f, g, h)

Neither party makes any arguments with respect to changes in any factor during the pendency of the arbitration, nor the "other factors" criterion. The Association's claim of catch-up pay, premised in part in "overall compensation" has already been addressed at §1, supra.

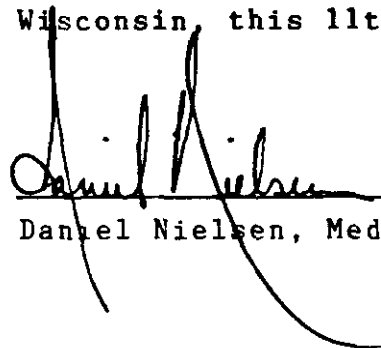
V. CONCLUSION

The Association failed to bear its burden of persuasion with respect to the change in structure. On the salary issue, a review of comparable settlements proved inconclusive. The Board's final offer was favored by a consideration of the interests and welfare of the public, and the cost of living. On the basis of the foregoing, and the record as a whole, the undersigned makes the following

AWARD

The final offer of the Algoma School District most closely conforms to the criteria of Section 111.70(4)(cm)7, MERA. The parties are therefore directed to incorporate the District's offer, appended hereto as Appendix "A", into their collective bargaining agreement for the year 1986-87, together with the stipulations and agreements reached in bargaining.

Signed and dated at Racine, Wisconsin, this 11th day of November, 1987.



Daniel Nielsen, Mediator/Arbitrator

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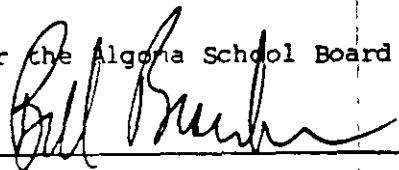
ALGOMA SCHOOL BOARD FINAL OFFER

April 13, 1987

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

1. Base Salary - \$15,950 on the current salary schedule structure.
(see attached salary schedule)
2. The contract for 1986-87 shall incorporate all tentative agreements reached plus the current Master Agreement.

For the Algoma School Board:



William G. Bracken
Director, Employee Relations
Wisconsin Association of School Boards

BB
4/13/87

BOARD FINAL OFFER
ALGOMA PUBLIC SCHOOLS PROPOSED 1986-87 SALARY SCHEDULE

Place- ment Level	Bachelor Index	Bachelor Degree	B + 12 Credits	B + 24 Credits	B + 30 Credits	Master Index	Masters Degree	M + 12 Credits	M + 24 Credits	M + 30 Credits
0	1.00	15,950	16,150	16,350	16,550	1.00	16,750	16,950	17,150	17,350
1	1.05	16,748	16,948	17,148	17,348	1.05	17,588	17,788	17,988	18,188
2	1.10	17,545	17,745	17,945	18,145	1.10	18,425	18,625	18,825	19,025
3	1.15	18,343	18,543	18,743	18,943	1.15	19,263	19,463	19,663	19,863
4	1.20	19,140	19,340	19,540	19,740	1.20	20,100	20,300	20,500	20,700
5	1.25	19,938	20,138	20,338	20,538	1.25	20,938	21,138	21,338	21,538
6	1.30	20,735	20,935	21,135	21,335	1.30	21,775	21,975	22,175	22,375
7	1.35	21,533	21,733	21,933	22,133	1.35	22,613	22,813	23,013	23,213
8	1.40	22,330	22,530	22,730	22,930	1.40	23,450	23,650	23,850	24,050
9	1.45	23,128	23,328	23,528	23,728	1.45	24,288	24,488	24,688	24,888
10	1.50	23,925	24,125	24,325	24,525	1.50	25,125	25,325	25,525	25,725
11	1.55	24,723	24,923	25,123	25,323	1.55	25,963	26,163	26,363	26,563
12	1.60	25,520	25,720	25,920	26,120	1.60	26,800	27,000	27,200	27,400
13	1.65	26,318	26,518	26,718	26,918	1.65	27,638	27,838	28,038	28,238
14	1.67	26,637	26,837	27,037	27,237	1.70	28,475	28,675	28,875	29,075
15						1.72	28,810	29,010	29,210	29,410

This schedule shall incorporate additional pay for special assignments and other provisions as follows or stipulated in the Master Contract.