ARBITRATION OPINION AND AWARD

In the Matter of Arbitration)
)
Between)
)
MONONA GROVE SCHOOL DISTRICT) Case 42
) No. 39312
And) INT/ARB-4538
) Decision No. 25034-A
MONONA GROVE)
EDUCATION ASSOCIATION)
)

Impartial Arbitrator

William W. Petrie
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Waterford, WI 53185

Hearings Held

Public Hearing

March 10, 1988
Monona, Wisconsin

Arbitration Hearing

March 10 and 11, 1988
Monona, Wisconsin

Appearances

For the District

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BACKGROUND OF THE CASE

This is a statutory interest arbitration proceeding between the Monona Grove School District and the Monona Grove Education Association, with the matter in dispute the terms of the parties' renewal labor agreement covering teachers, for the 1987-1988 and the 1988-1989 school years.

During their negotiations, the parties were able to reach preliminary agreement on all items governing the renewal agreement, with the single exception of the appropriate salary levels covering the two years of the agreement. On August 28, 1987, the District filed notice with the Wisconsin Employment Relations Commission, alleging the existence of an impasse and requesting the initiation of statutory interest arbitration. On December 18, 1987, the Commission issued certain findings of fact, conclusions of law, certification of the results of investigation, and an order requiring arbitration, and on January 21, 1988, it issued an order appointing the undersigned to act as arbitrator in accordance with the provisions contained in the Municipal Labor Relations Act.

A timely and proper petition was filed with the Commission by five or more citizens within the jurisdiction served by the District and, accordingly, a public hearing took place on the evening of March 10, 1988. Immediately following the conclusion of the public hearing the arbitration hearing began and it was concluded on the morning of March 11, 1988. All parties received a full opportunity at the hearing to present evidence and argument in support of their respective positions, and each closed with the submission of post-hearing briefs and reply briefs.

THE FINAL OFFERS OF THE PARTIES

The parties are in agreement with respect to the basic salary structure, including lane and step increments, and they differ only with respect to the salary increases to be applicable during each of the two years covered by the renewal agreement. The complete offers of the parties, herein incorporated by reference, may be summarized as follows:

(1) The District proposes a 1987-1988 salary schedule with an increase from $16,950 to $17,525 at Step 1, and with corresponding increases throughout the schedule. The Association proposes a Step 1 increase from $16,950 to $17,900, and corresponding increases throughout the salary schedule.

(2) The District proposes a 1988-1989 salary schedule with a Step 1 increase to $18,130 from $17,525, and with corresponding increases throughout the schedule. The Association proposes an increase from $17,900 to $18,900 at Step 1, and corresponding increases throughout the salary schedule.

THE ARBITRAL CRITERIA

Section 111.70(4)(cm)(7) of the Wisconsin Statutes directs the Arbitrator to give weight to the following described arbitral criteria:

"a. The lawful authority of the municipal employer.
b. Stipulations of the parties.
c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
d. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.
e. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.
f. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the same community and in comparable communities.
g. The average consumer prices for goods and services, commonly known as the cost-of-living.
h. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment."

POSITION OF THE EMPLOYER

In support of its contention that the final offer of the District is the more reasonable of the two offers before the Arbitrator, the Employer emphasized the following principal arguments.

(1) That the District is a member of the Badger Athletic Conference, and that the various factors that make the member schools comparable for athletic competition, also make them comparable for collective bargaining purposes.

(a) That the selection of school districts for inclusion in a conference on the basis of size, is in conformity with the purpose and intent of the State Constitution, the Laws of Wisconsin, the Rules of the Department of Public Instruction and the law governing interest arbitration.

(b) That a review of Badger Conference schools in terms of average total enrollment, average number of teachers and average pupil/teacher ratios, supports the conclusion that the Conference should be the primary comparable for the purpose of evaluating the offers of the District and the Association.

(c) That the position of the Employer with respect to athletic conference comparisons is consistent with the decisions of other Wisconsin interest arbitrators in comparable situations.

(d) That there is no evidence in the record that the parties have mutually agreed to use the Madison Metropolitan School District as a comparable. Indeed, that the prior legal counsel for the District has indicated that the Association in prior years argued for comparisons with the Athletic Conference and with the Madison and the Sun Prairie Districts. Additionally, that the District's negotiating team has, beginning in 1982, disputed the Association's contention that the Madison Metropolitan District is comparable to the Monona Grove District.

(e) That the comparability of the schools within the Badger Athletic Conference is persuasively indicated by such considerations as student

count, teacher FTE, cost per pupil and population; conversely, that these considerations do not favor the comparison of the Monona Grove and Madison Districts, in addition to which the Madison District's equalized value per pupil is higher, and the amount of property subject to taxes in Madison is more than ten times that available to Monona Grove.

(f) That the Madison District has not compared itself to Monona Grove, nor have arbitrators, in Madison arbitrations, adopted such a comparison.

(2) That consideration of recent settlements within the Badger Athletic Conference support the adoption of the District's final offer.

(a) That 1987-1988 salary settlements within the Conference averaged 5.1%; that the District's final offer is 5% as compared to the Association's offer of a 7.3% increase.

(b) That the 1988-1989 salary increases within the Conference generally fell within the 5-6% range; that the District has offered a 5% increase for the second year, while the Association has proposed a 7.2% increase.

(c) That consideration of salary benchmarks within the athletic conference, favors the selection of the final offer of the District; that there would be no significant reduction in the overall ranking of Monona Grove teachers in the event of adoption of the District's final offer.

(3) That Statewide comparisons are not appropriate under Section 111.70(4)(cm)7 of the Wisconsin Statutes.

(4) That the District's final offer is more reasonable when compared to salary increases received by other District employees, and other public and private sector employees.

(a) That arbitrators in Wisconsin have placed significant weight upon settlements by an employer in other bargaining units.

(b) That the District's offer exceeds increases

received by the District's clerical employees, its District Custodians, its Instructional and Supervisory Aids, and its Food Service Employees.

(c) That the District's offer to teachers is consistent with the average salary increases for District Administrators, which averaged 5% for 1987-1988.

(d) That the District's final offer exceeds the wage increases received by City of Monona employees, State of Wisconsin employees, average private sector settlements in the United States in general, and Department of Defense employees.

(e) That the MGEA has simply not justified the disparity between the average sizes of public and private sector settlements in general, and the final offer of the Association.

(5) That consideration of the interests and welfare of the public criterion supports the selection of the final offer of the District.

(a) That for 1987-1988, Wisconsin ranks 9th among the 50 states in property tax burden, and that the Wisconsin Expenditure Commission recommended in December of 1986 that state and local spending be brought into line with national averages by 1992-1993.

(b) That Wisconsin property taxes during 1983-1987, have out-run both inflation and personal income growth, which has been aggravated by limited growth in the property tax base since the beginning of the decade.

(c) That the Governor of the State of Wisconsin has reported that state and local governments have historically spent too much in comparison with the ability to pay of the citizens, and that the problem has been getting worse. That he is recommending a freeze on local spending and property tax levies for one year, to provide immediate property tax relief and the application of statutory limits on state and local spending.

(d) That recent increases for Wisconsin teachers

have been higher than for other public employees, private employees and the U.S. teacher average salary.

(e) That information used by the District in budget preparation demonstrates that equalized property values in the District have stabilized and, in some recent years, have declined.

(f) On an historical basis, that while District budget increases have been kept to a minimum, teacher compensation has increased in excess of the budget increases.

(g) When compared with the tax levy rates of other schools in the Badger Athletic Conference, that the Monona Grove levy rate is far in excess of other schools. That the cost per student in Monona Grove is far in excess of any other conference school.

In summary, that in a time of budgetary restraints, a relatively small increase in cost-of-living, and a stabilization of the tax base, the interests and welfare of the public favor the adoption of the District's final offer.

(6) That recent increases in cost-of-living as reflected in the CPI, favor the selection of the District's final offer.

(a) That from July 1986 to July 1987 the CPI increase for urban consumers and urban wage earners and clerical workers totalled 3.9%; for 1987, that the CPI increase was 4.4% for all urban consumers and 4.5% for urban wage earners and clerical workers. At the same time, that teacher settlements in Wisconsin showed a 7.7% salary and benefits increase.

(b) That increases in the CPI since the parties last went to the bargaining table favor the selection of the District's final offer, in that the offer exceeds the increases in cost-of-living.

(c) Over the last ten years, that Wisconsin teacher salaries have increased 97% while the CPI has increased only 84%, resulting in a net gain of 13% over the period.

(d) That the CPI, standing alone, can now be used to measure the relative reasonableness of offers before an arbitrator.

In summary, that the Badger Athletic Conference should comprise the primary comparison group, and that consideration of comparables favors the District's final offer; that the interests and welfare of the public favor the position of the District; that benchmark comparisons within the athletic conference favor the District's position; that intra-employer comparisons favor the position of the District; and that the position of the District is favored by consideration of cost-of-living changes in recent years.

In its' reply brief the District took issue with the method of measuring salary increases that had been advanced by the Association, and urged that for comparison purposes, the Employer offered increases were 5.01% and 5.05%, while those proposed by the Association were 7.26% and 7.21% for each of the two years of the renewal agreement. It additionally challenged the substance of various of the interest arbitration awards cited by the Union in support of its arguments relating to athletic conference comparisons, and again urged the non-suitability of one-on-one comparisons between Madison and Monona Grove.

POSITION OF THE ASSOCIATION

In support of its contention that the final offer of the Association, rather than that of the District, should be selected by the Arbitrator, the Association emphasized the following principal arguments.

(1) Preliminarily it cited the following general considerations.

(a) That the Monona Grove School District is highly unusual, in that it is an integral part of the Madison Metropolitan area; that it includes the City of Monona, an integral part of the Madison Metropolitan area, the Town and Village of Cottage Grove, and smaller enclaves within the Madison Metropolitan School District itself.

(b) That the City of Monona and Cottage Grove portions of the District have no common border, in that they are separated by portions of the Madison School District.

(c) That this is the first arbitration for the

parties, in that they have obtained voluntary settlements in each and every prior bargain, and they have never previously resorted to either fact-finding or arbitration.

(d) That in prior negotiations, the parties have recognized the importance of Madison School District settlements on Monona Grove settlements; in this bargaining round, however, the Board has chosen to ignore the Madison settlement.

(2) That the record and the arguments advanced by the parties support a finding by the Arbitrator that the Madison Teachers comprise the most appropriate comparison, while the athletic conference comparison urged by the District fails to fulfill the standards normally required by comparability.

(a) That consideration of geographic proximity favors the comparison urged by the Association, in that the Badger Athletic Conference consists of nine schools which are located throughout south and south central Wisconsin, while the District most proximate to the Monona Grove District is the Madison Metropolitan School District.

(b) That considerations relating to stability of the comparisons favor the comparison urged by the Association, in that the schools comprising the Badger Athletic Conference have changed considerably over the years, that additional changes are being contemplated, and by the time of next negotiations, that the conference schools may be different than at present. That it is in the interest of neither party to have a moving target as a comparison pool.

(c) That the athletic conference schools differ vastly with respect to their economic bases, and that labor market considerations favor the comparison urged by the Association. That Effective Buying Income is considerably lower within the various counties comprising the athletic conference; that Monona Grove's equalized value per pupil is substantially higher than those of other athletic conference schools, and that the economic integration and common labor market of the Monona Grove and Madison districts is illustrated by the fact that

87 Monona Grove teachers live in Madison, while 64 Madison teachers reside in Monona.

That the position of the Association with respect to labor market considerations has been recognized by various interest arbitrators in the State of Wisconsin.

(d) That other Wisconsin interest arbitrators have rejected athletic conference comparisons in situations where a major urban area exerts an influence on some but not all of the schools.

(e) That the parties' bargaining history strongly supports the use of the primary comparison urged by the Association. That in their past negotiated settlements the parties have adopted identically structured salary schedules, which are significantly different from other districts; that this fact creates a prima facie case for regarding the Monona Grove and the Madison Districts as primary comparisons.

That the testimony in the record supports the conclusion that Madison has historically been the primary comparable for Monona Grove. That this conclusion is borne out in the testimony of Mr. Dowling, a twenty year veteran of negotiations, and that of Attorney William Haus who testified to the parties' agreement to reduce the Madison/Monona differential in 1985. That the District's offering of a letter from Attorney Julka cannot be given significant weight.

(f) That the current negotiations should not have ended in impasse, because the primary comparable has settled for both 1987-1988 and 1988-1989. Unfortunately, however, the Board has elected to change the ground rules under which the parties have negotiated for more than 20 years, and is alleging that Monona Grove should no longer give primary consideration to Madison, but rather to the recently realigned Badger Athletic Conference.

That a party seeking a radical change in a bargaining relationship must meet a severe burden of proof, and that the District has failed to establish a basis for abandoning

the use of Madison as the primary comparison for Monona Grove salary settlements.

(3) That consideration of the principal or primary comparisons favors the selection of the final offer of the Association, rather than that of the District.

(a) That the Madison settlement amounted to a 9.5% benchmark increase over the two year term of the contract; that this settlement level more closely reflected the Association's two year offer of an 11.05% benchmark adjustment, than the Board's 6.96% proposal.

(b) That consideration of total compensation percentage statistics, also supports the Association's final offer. That the Madison settlement at 13.12% is closer to the 13.9% value of the Association's final offer than to the Board's proposed 9.75% increase.

(c) That selection of the Board's final offer would adversely affect the salary differentials of Monona Grove teachers at all five benchmark levels (BA Base, BA Max, MA Base, MA Max and Schedule Max). That the selection of the Association's final offer would reduce the differential at four of the five benchmarks, and would result in only slight erosion at the fifth benchmark.

(d) That the Madison settlement was not an overly generous one, in that it was somewhat lower than the statewide teacher settlement pattern.

(4) That consideration of secondary comparisons does not favor the selection of the final offer of the Board.

(a) That only three of the secondary comparables have their salary schedules finalized for both 1987-1988 and 1988-1989.

(b) That Waunakee has a merit schedule which makes benchmark comparisons unreliable, and that the Oregon and the Middleton settlements do not support either party's final offer.

(c) That while Sun Prairie has settled for 1988-1989, its salary schedule has not been

finalized due to a complicated formula which includes a cola formula, and is applied retroactively.

(d) When viewed in their entirety, that the secondary comparisons do not significantly favor the positions of either party. That the Association offer would be somewhat higher than the pattern, while the Board's offer would be the lowest in the area.

(e) That consideration of other comparisons should not be assigned significant weight in these proceedings.

(5) That cost-of-living considerations should not be assigned significant weight in these proceedings.

(6) That neither the interests and welfare of the public nor the ability to pay criteria favor the selection of the final offer of the District.

(a) In terms of equalized valuation, that Monona Grove ranks second to Madison among Metropolitan Area School Districts.

(b) An examination of per capita data does not show Monona Grove to be in a disadvantageous position.

(c) That there is nothing in the record which would indicate inability to pay. Indeed, that both parties' exhibits show the District to be a wealthy one, with a favorable economy.

(d) Despite anticipated Board emphasis upon the District's tax levy rate, the relatively low amount of state aid, and the cost per pupil, it must be emphasized that state aid is inversely related to a district's wealth.

(e) That the District's budget shows a fund balance projection of $562,560 for July 1, 1988, and it also shows a budgeted for increase in teacher salaries of $299,940 for 1987-1988, an amount in excess of the cost of the Association's final offer of $254,047.

(f) That the record does not support any argument that the adoption of the Association's final offer would necessitate an increase in tax levy.

(g) That the District's arguments misstate the impact of teacher layoffs upon average salaries, and that at least one of the District's exhibits is misleading with respect to the ten year impact of cost-of-living changes.

(h) That the magnitude of statewide teacher settlements indicated in certain of the District's exhibits, is more supportive of the Association's than the Board's final offer.

(7) That the bargaining history of the parties supports the position of the Association in this dispute.

(a) Since the creation of the Monona Grove School District, that the primary settlement benchmark has been the settlement reached by the Madison Metropolitan School District and Madison Teachers, Inc. That the primary factor in past settlements has never been the CPI, settlements in the Badger Conference, non-teacher settlements, other Monona Grove or State of Wisconsin settlements, or statewide teacher settlements.

(b) That Wisconsin interest arbitrators have generally respected bargaining history in situations similar to the one at hand.

(c) That the Board's offer would substantially increase the disparity between Madison, the primary comparable, and Monona Grove, and would ignore the bargaining history of the parties.

(d) That the Association's final offer would result in a slight reduction in the salary disparity vis-a-vis Madison; that this would continue the parties' past commitment toward gradual reduction of the Madison-Monona Grove salary disparity.

On the basis of the entire record, the Association urges the selection of its final offer in these proceedings.

In its reply brief, the Association reiterated and emphasized arguments relating to the suitability of Madison and Monona Grove comparisons, distinguished certain arbitration decisions cited by the Employer, took issue with the weight urged by the Employer for certain non-teacher comparisons, urged that cost-of-living considerations did not favor the selection

of the District's final offer, and submitted that the District's public interest arguments did not justify a less than comparable settlement.

FINDINGS AND CONCLUSIONS

Prior to reaching a decision and selecting one of the two pending final offers, it will be necessary for the Impartial Arbitrator to consider the evidence and the arguments of the parties and all of the arbitral criteria specified in Section 111.70(4)(cm)(7) of the Wisconsin Statutes. The principal arguments advanced by the parties emphasized the comparison criterion, cost-of-living considerations and the interests and welfare of the public. For the purpose of clarity, the undersigned will separately address each of these major areas of consideration.

The Comparison Criterion

While the legislature did not see fit to prioritize the various arbitral criteria specified in Section 111.70(4)(cm)(7) of the Wisconsin Statutes, it is widely recognized that the comparison criterion is normally the most persuasive single factor to interest neutrals, and that intraindustry comparisons are normally the most persuasive types of comparisons. These points are rather well made in the following excerpts from the excellent book on wage arbitration by Irving Bernstein:

> "Comparisons are preeminent in wage determinations because all parties at interest derive benefit from them. To the worker, they permit a decision on the adequacy of his income. He feels no discrimination if he stays abreast of other workers in his industry, his locality, his neighborhood. They are vital to the union because they provide guidance to its officials upon what must be insisted upon and a yardstick for measuring their bargaining skill. In the presence of internal factionalism or rival unionism, the power of comparison is enhanced. The employer is drawn to them because they assure him that competitors will not gain a wage-cost advantage and that he will be able to recruit in the local labor market. Small firms (and unions) profit administratively by accepting a ready-made solution; they avoid the expenditure of time and money needed for working one out themselves. Arbitrators benefit no less from comparison. They have 'the appeal of precedent and... awards based thereon are apt to satisfy the normal

expectations of the parties and to appear just to the public.' ...."

* * * * *

"a. Intraindustry Comparisons. The intra-industry comparison is more commonly cited than any other form of comparison, or, for that matter, any other criterion. More important, the weight it receives is clearly preeminent; it leads by a wide margin in the first rankings of arbitrators. Hence there is no risk in concluding that it is of paramount importance among the wage-determining standards.

Wage parity within the industry is so compelling to arbitrators that, absent qualifications dealt with below, they invariably succumb to its force. Its persuasiveness, in fact, provides as sound a basis for predictions as may be uncovered in social affairs. The loyalty of arbitrators to this criterion at the general level could be documented at length..." 1./

Observations similar to the above, have also been made in the Elkouris' authoritative book on arbitration:

"Without question, the most extensively used standard in interest arbitration is 'prevailing practice.' This standard is applied, with varying degrees of emphasis, in most interest cases. In a sense, when this standard is applied the result is that disputants indirectly adopt the end results of the successful collective bargaining of other parties similarly situated. The arbitrator is the agent through whom the outside bargain is indirectly adopted by the parties." 2./

On the basis of the above it is clear that intra-industry comparisons, in this case comparisons with other school districts, are the most persuasive single factor to interest neutrals. Left unanswered by the authors, however, is the matter of which intraindustry comparisons should be principally relied upon in disposing of the matter at hand, and the parties sharply differed with respect to this question.

1./ Bernstein, Irving, The Arbitration of Wages, University of California Press, 1954, pp. 54, 56.

2./ Elkouri, Frank and Edna Asper Elkouri, How Arbitration Works, Bureau of National Affairs, Fourth Edition - 1985, p. 804.

(1) The Association cited the parties' negotiations history, argued that the Association and the District had normally compared with the Madison Metropolitan School District in their past settlements, and urged that the Arbitrator principally rely upon comparisons between the Madison and the Monona Grove Districts in evaluating the relative merits of the two final offers in the case at hand. It submitted that such a comparison clearly favored arbitral selection of the Association's rather than the District's final offer.

(2) The District urged that the Arbitrator principally rely upon comparisons between the District and the Badger Athletic Conference, of which it is a member. It cited the common arbitral use of athletic conference comparisons, and urged that this comparison clearly favored arbitral selection of the final offer of the District in these proceedings.

In addressing the matter of which of the school district comparisons should receive principal weight in these proceedings, it must be recognized that an interest arbitrator operates as an extension of the parties' collective negotiations, and he or she attempts to put them into the same position they would have reached across the bargaining table, but for their inability to agree. For this reason interest arbitrators are very reluctant to abandon the wage and salary relationships which the parties have found to be persuasive in their past negotiations.

The above principle is rather well described in the following additional excerpts from Bernstein's book:

> "This, once again, suggests the force of wage history. Arbitrators are normally under pressure to comply with a standard of comparison evolved by the parties and practiced for years in the face of an effort to remove or create a differential. When Newark Milk Company engineers asked for a higher rate than in New York City, the arbitrator rejected the claim with these words: 'Where there is, as here, a long history of area rate equalization, only the most compelling reasons can justify a departure from the practice.' "

* * * * *

> "The last of the factors related to the worker is wage history. Judged by the behavior of arbitrators,

> it is the most significant consideration in administering the intraindustry comparison, since the past wage relationship is commonly used to test the validity of other qualifications. The logic of this position is clear: the ultimate purpose of the arbitrator is to fix wages, not to define the industry, change the method of wage payment, and so on. If he discovers that the parties have historically based wage changes on just this kind of comparison, there is virtually nothing to dissuade him from doing so again....." 3./

Similarly, the Elkouris offer the following additional observations:

> "Where each of various comparisons had some validity, an arbitrator concluded that he should give the greatest weight to those comparisons which the parties themselves had considered significant in free collective bargaining, especially in the recent past." 4./

The considerations described above rather clearly favor the position of the Association in this dispute, which would place primary emphasis upon salary comparisons between the Madison Metropolitan and the Monona Grove School Districts, which comparisons have historically been used by the parties during their past negotiations. Despite the fact that the parties' past use of the Madison-Monona Grove comparisons has never been formally agreed upon and/or reduced to writing, its de facto use and the importance placed upon it by the parties is abundantly clear from the record.

What of the District's position that it should not be required to consider in its negotiations, the patterns established in the Madison District, and that the quite common practice of utilizing athletic conference comparisons should be endorsed by the Arbitrator? It may very well be found appropriate in isolated cases for an arbitrator to adopt different intraindustry comparisons than those historically used by the parties, but the proponent of change must produce very persuasive evidence and argument to justify such a change! Neither party to a dispute can normally expect to convince an interest neutral that the historical intra-industry comparison(s) previously used by the parties,

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3./ The Arbitration of Wages, pp. 63, 66.

4./ How Arbitration Works, p. 811.

should be abandoned or minimized on the basis of one party's subjective preference for an alternative set of comparisons, which it feels might more persuasively support its final offer.

Without belaboring the point further, the Arbitrator finds nothing in the record to persuasively support the conclusion that the Badger Athletic Conference school districts should be utilized as the principal intraindustry comparison group for the Monona Grove District, rather than the Madison and Monona Grove comparisons which have been extensively used by the parties in the past.

At this point the Arbitrator will reference agreement with the logic of the District's general arguments in favor of a comparison group, rather than reliance upon one-on-one comparisons between the Madison and the Monona Grove Districts. In light of the labor market, geographical proximity, size, and overall economic circumstances, a very appropriate comparison group would probably include metropolitan area comparisons utilizing some, but not all of the Badger Athletic Conference. As suggested by the Association, such a group could properly include Waunakee, Middleton and Oregon from the athletic conference, in addition to McFarland, Sun Prairie, Verona and Madison from outside the conference. It is difficult to draw valid conclusions relative to this comparison group at present, due to the fact that only a small number have settled for the two year period in issue in these proceedings. In examining the data submitted by the parties touching upon this group, principally in District Exhibits 31, 32, 38 and 39 and Association Exhibits 8 and 9, it is clear that the material does not definitively favor the final offer of either party. It should be noted, however, that the total package increase comparisons for the two years in question, as referenced in Association Exhibit 9, somewhat favor the selection of the final offer of the Association.

What of the other comparisons advanced by the Employer in support of its position? The District presented numerous exhibits relating to comparisons other than those between Madison and Monona Grove teachers, and it submitted that these comparisons supported the selection of its final offer, rather than that of the Association.

(1) District Exhibits 11 through 33 and 69 thoroughly advance information and comparisons between the Monona Grove District and other districts comprising the Badger Athletic Conference. Without unnecessary elaboration, it is fair to say that this data would strongly favor the selection of the District's final offer if the

Badger Athletic Conference comprised the principal intraindustry comparison group. Having determined, however, that this is not the case, the athletic conference comparisons must be assigned significantly less weight.

(2) District Exhibits 44 through 48 show selected salary and wage increase data for other represented and non-represented employees within the District, and the size of the increases support the selection of the District's, rather than the Association's final offer. These intra-employer comparisons, however, cannot be assigned the same weight as the primary intraindustry, teacher salary comparisons referenced above.

(3) District Exhibits 52, 53, 58 and 65 address wage and salary increase data for the City of Monona, the State of Wisconsin, private sector settlements in the United States in general, and proposed salary increases for the U.S. military services. While this data somewhat favors the adoption of the final offer of the District, it is entitled to far less weight in these proceedings than the previously referenced intraindustry comparisons.

On the basis of the above, the Impartial Arbitrator has preliminarily concluded that consideration of the comparison criterion clearly favors the selection of the final offer of the Association, rather than that of the District.

The Cost-of-Living Criterion

In addressing cost-of-living considerations the District cited a ten year period, during which time Wisconsin teachers had received average salary increases which exceeded increases in consumer prices, and it urged that increases in the CPI since the parties last went to the bargaining table were exceeded by the District's final offer, and it argued that the teacher salary increases in Wisconsin between July 1986 and July 1987 had significantly exceeded consumer price increases during the same time frame. It urged that cost-of-living considerations significantly favored the selection of the District's, rather than the Association's, final offer.

The Association did not dispute that recent teacher

salary increases have exceeded increases in consumer prices, but it disputed the weight to be placed upon this consideration in these proceedings.

Cost-of-living considerations vary in their importance in interest arbitration proceedings, in relationship to the degree of recent movement in the consumer price indexes. During periods marked by rapid increase in consumer prices, cost-of-living considerations can be one of the most important factors in the final offer selection process; during periods of price stability, on the other hand, the criterion declines in relative importance. The cost-of-living criterion is generally regarded as of a lesser order of importance than the comparison criterion, at least partially due to the fact that the settlements of comparable employers and employees already include their consideration of changes in cost-of-living. It should also be noted that the only cost-of-living movement that will normally be considered in the interest arbitration process, is that which has taken place since the parties last went to the bargaining table; it must be conclusively inferred that the parties disposed of all wage issues during their most recent negotiations, and there is normally no basis for, in effect, reopening prior negotiations.

On the basis of the above the Arbitrator has preliminarily concluded that recent and anticipated increases in consumer prices are exceeded by the final offers of each party. It must be concluded, therefore, that consideration of the cost-of-living criterion favors the adoption of the lower of the two offers, that of the District; in light of the relative stability in the economy, however, and in consideration of the weight placed upon cost-of-living consideration by comparable(s), cost-of-living considerations simply cannot be assigned determinative importance in these proceedings.

The Interests and Welfare of the Public Criterion

The parties sharply differed relative to the significance of the interests and welfare of the public criterion in the case at hand.

(1) The Employer emphasized a variety of important considerations such as: the relatively high ranking of the State of Wisconsin in property taxes; the high recent growth in such taxes, in relation to changes in cost-of-living and personal income; recommendations of the Wisconsin Expenditure Commission and the Governor relative to the levels of spending at the state and local government levels in Wisconsin; the levels of recent salary increases for teachers; and the cost per student and tax levy rates in the District.

(2) The Association emphasized that there was no ability to pay question in the matter at hand, and that the District was a relatively wealthy one with a healthy economy, and that there was no indication that an increase in the tax levy would be necessitated by selection of the Association's final offer.

The District is quite right in addressing arguments relating to the local economic climate. Such considerations are given major or conclusive weight in interest arbitration proceedings when there is a question of absolute inability to pay, or when it appears that an Employer is being asked to make a signficantly disproportionate or an unreasonable economic commitment. In the situation at hand, the record does not reflect inability to pay, and there is nothing to persuasively suggest that the District would be required to make a significantly disproportionate economic effort to adopt a competitive and comparable teachers' salary level. The District has made a substantial commitment to teachers in the past, and there is no basis for the Arbitrator to conclude that a similar commitment could not be made in the case at hand.

The Arbitrator must agree with some of the Wisconsin economy based arguments of the Employer. If the public feels that there should be a tax levy, a cost-of-living or a percentage based cap upon certain types of public expenditures of funds, however, this is a matter which should be approached politically, rather than through the interest arbitration process. Stated simply, the Arbitrator must consider all of the various statutory criteria, including what comparably situated districts have done when faced with circumstances similar to those facing the Monona Grove School District.

On the basis of the above, the Impartial Arbitrator is unable to assign determinative weight to the interests and welfare of the public arguments of the District, in the final offer selection process.

Summary of Preliminary Conclusions

As addressed in more signficant detail above, the Impartial Arbitrator has reached the following summarized, principal preliminary conclusions.

(1) The intraindustry comparison criterion is normally regarded as the most important and the most persuasive of the arbitral criteria; in the case at hand, this refers to comparison with teacher salaries paid in comparable school

districts within the State of Wisconsin.

(2) Based principally upon the parties' negotiations history and the teachers salary history within the two districts, the principal intraindustry comparison is between the Monona Grove and the Madison Metropolitan School Districts.

(3) Neither the Badger Athletic Conference comparisons, nor other secondary comparisons, can be assigned determinative weight in these proceedings.

(4) A compelling argument can be made for the use of a comparison group, rather than one-on-one comparisons between the Monona Grove and the Madison Districts, and that this group should include metropolitan area districts, including some, but not all members of the Badger Athletic Conference. The comparison data in the record relative to this group does not, however, definitively favor the selection of the final offer of either party.

(5) Consideration of the comparison criterion clearly favors the selection of the final offer of the Association.

(6) Cost of living considerations somewhat favor the adoption of the final offer of the District, but this criterion cannot be assigned determinative weight in these proceedings.

(7) The evidence and arguments presented by the parties relative to the interests and welfare of the public criterion, cannot be assigned determinative weight in these proceedings.

Selection of Final Offer

Based upon a careful consideration of the entire record and all of the statutory criteria, the Impartial Arbitrator has concluded that the final offer of the Association is the more appropriate of the two final offers. This conclusion is principally based upon the comparison between the Madison Metropolitan and the Monona Grove School Districts, the bargaining history of the parties, and the salary history between the two Districts. While certain of the considerations emphasized by the District favored the selection of its final offer, the final offer of the Association is the more appropriate of the two final offers before the Arbitrator.

AWARD

Based upon a careful consideration of all of the evidence and argument, and a review of all of the various arbitral criteria provided in Section 111.70 of the Wisconsin Statutes, it is the decision of the Impartial Arbitrator that:

(1) The final offer of the Monona Grove Education Association is the more appropriate of the two final offers before the Arbitrator.

(2) Accordingly, the Association's final offer, hereby incorporated by reference into this award, is ordered implemented by the parties.

William W. Petrie

WILLIAM W. PETRIE
Impartial Arbitrator

July 23, 1988
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