

FREDERICK P. KESSLER, ARBITRATOR

In the matter of the petition of

THE HILLSBORO EDUCATION ASSOCIATION

to initiate Arbitration between the
petitioner and the

HILLSBORO SCHOOL DISTRICT

DECISION

Case 9 No.40836

INT/ARB-4976

Decision No. 25653-A

A. HEARING

The hearing in the above entitled Mediation/Arbitration matter was held on November 21, 1988, at 4:00 P.M. at the high school in the City of Hillsboro. No request for a public hearing was filed, therefore one was not held. Both of the parties indicated that they felt that any efforts to mediate by the arbitrator would not be productive.

Neither party called any witnesses and all the exhibits offered by the parties was received in evidence. The hearing adjourned at 6:18 P.M. On January 6, 1989 briefs were received from the parties. Reply briefs were received by the arbitrator on the 18th of January.

B. APPEARANCES

Gerald Roethel, executive Director of the Coulee Region United Educators appeared on behalf of the Hillsboro Education Association. Also present were a number of members of the Associations bargaining committee, including Ellen Gardner, Nancy Reinart, Diana Marshall, and Bernal Granger.

The School District was represented by Kenneth Cole, the Director of the Wisconsin Association of School Boards. Also present were Greg Heyerdahl, the District Administrator, School Board members Francis Deman, Sara Baldwin, and Debby Winchell. Also present was Tom Ganz, a staff representative of the School Boards Association.

The only person present who was not a party to the proceedings was Becky Hunber, a reporter for the local newspaper.

C. NATURE OF THE PROCEEDINGS

This is a final and binding arbitration proceeding

brought between the above mentioned parties under Section 111.70 (4)(cm) Wis. Stats. On July 5, 1988, the Association filed a petition with the Wisconsin Employment Relations Commission alleging that an impasse existed in their collective bargaining with the Hillsboro School Board. on August 30th a staff member of the W.E.R.C. concluded that the parties were deadlocked. On August 31, 1988, the parties were sent lists of arbitrators. This arbitrator was notified on September 26, 1988 of his selection. A hearing was scheduled for November 21, 1988. Briefs were to be sent on January 4, 1989 with reply briefs to be sent on January 17th.

D. THE FINAL OFFERS

1. THE DISTRICT

<u>1988-89</u>		Base 18000			Increment 595		Lane 294	
<u>YEARS</u>	<u>BS/BA</u>	<u>PLUS6</u>	<u>PLUS12</u>	<u>PLUS18</u>	<u>PLUS24</u>	<u>PLUS30</u>	<u>MS/MA</u>	<u>PLUS6</u>
0	18000	18294	18588	18882	19176	19740	19764	20058
1	18595	18889	19183	19477	19771	20065	20359	20653
2	19190	19484	19778	20072	20366	20660	20954	21248
3	19785	20079	20373	30997	20961	21255	21549	21843
4	20380	20674	20968	21262	21556	21850	22144	22438
5	20975	21269	21563	21857	22151	22445	22739	23033
6	21570	21864	22158	22452	22746	23040	23334	23628
7	22165	22459	22753	23047	23341	23635	23929	24223
8	22760	23054	23348	23642	23936	24230	24524	24818
9	23355	23649	23943	24237	24531	24825	25119	25413
10	23950	24224	24538	24832	25126	25420	25714	26008
11	24545	24839	25113	25427	25721	26015	26309	26603
12	25140	25434	25728	26022	26316	26610	26904	27198
13			26323	26617	26911	27205	27499	27793
14					27506	27800	28094	28388
15							28689	28983

<u>1989-90</u>		Base 18850			Increment 595		Lane 301	
<u>0</u>	<u>18850</u>	<u>19151</u>	<u>19452</u>	<u>19753</u>	<u>20054</u>	<u>20355</u>	<u>20656</u>	<u>20957</u>
1	19445	19746	20047	20348	20649	20950	21251	21552
2	20040	20341	20642	20943	21244	21545	21846	22147
3	20635	20936	21237	21538	21839	22140	22441	22742
4	21230	21531	21832	22133	22434	22735	23036	23337
5	21825	22126	22427	22728	23029	23330	23631	23932
6	22420	22721	23022	23323	23624	23925	24226	24527
7	23015	23316	23617	23918	24219	24520	24821	25122
8	23610	23911	24212	24513	24814	25115	25416	25717
9	24205	24506	24807	25108	25409	25710	26011	26312
10	24800	25101	25402	25703	26004	26305	26606	26907
11	25395	25696	25997	26298	26599	26900	27201	27502
12	25990	26291	26592	26893	27194	27495	27796	28097
13			27187	27488	27789	28090	28391	28692
14					28384	28685	28986	29287
15							29581	29882

2. THE UNION

1988-89

0	18050	18365	18680	18995	19310	19625	19940	20255
1	18695	19010	19325	19640	19955	20270	20585	20900
2	19340	19655	19970	20285	20600	20915	21230	21545
3	19985	20300	20615	20930	21245	21560	21875	22190
4	20630	20945	21260	21575	21890	22205	22520	22835
5	21275	21590	21905	22220	22535	22850	23165	23480
6	21920	22235	22550	22865	23180	23495	23810	24125
7	22565	22880	23195	23510	23825	24140	24455	24770
8	23210	23525	23840	24155	24470	24785	25100	25415
9	23855	24170	24485	24800	25115	25430	25745	26060
10	24500	24815	25130	25445	25760	26075	26390	26705
11	25145	25460	25575	26090	26405	26720	27035	27350
12	25790	26105	26420	26735	27050	27365	27680	27995
13			27065	27380	27695	28010	28325	28640
14					28340	28655	28970	29285
15							29615	29930

Longevity @ \$250

1988-89

0	19000	19340	19680	20020	20360	20700	21040	21380
1	19690	20030	20370	20710	21050	21390	21730	22070
2	20380	20720	21060	21400	21740	22080	22420	22760
3	21070	21410	21750	22090	22430	22770	23110	23450
4	21760	22100	22440	22780	23120	23460	23800	24140
5	22450	22790	23130	23470	23810	24150	24490	24830
6	23140	23480	23820	24160	24500	24840	25180	25520
7	23830	24170	24510	24850	25190	25530	25870	26210
8	24520	24860	25200	25540	25880	26220	26560	26900
9	25210	25550	25890	26230	26570	26910	27250	27590
10	25900	26240	26580	26920	27260	27600	27940	28280
11	26590	26930	27270	27610	27950	28290	28630	28970
12	27280	27620	27960	28300	28640	28980	29320	29660
13			28650	28990	29330	29670	30010	30350
14					30020	30360	30700	31040
15							31390	31730

Longevity @ \$250

E. ISSUE IN DISPUTE

The only question at issue is which of the final offers more appropriately provides for teacher compensation for the two year contract period?

F. POSITION OF THE DISTRICT

The district argues that the final offer it has made should be chosen and incorporated in the arbitrator's decision as the contract for the two year period for numerous reasons.

They point out that since none of the districts in the Scenic Bluffs Athletic Conference have settled their contracts, one of the most commonly used criteria can not be considered, the pattern of settlements in the athletic conference with which the school district is affiliated. Instead they urge the arbitrator to rely on the other statutory criteria such as the cost of living in the community, and the interest and welfare of the public. They specifically oppose the arbitrator's going outside of the conference to determine comparable schools and using their settlements to find an appropriate salary schedule.

The cost of living in a community is a factor that should be given substantial weight by an arbitrator. The inflation rate currently is 3.2%. The Association in its final offer is seeking an increase of 7.9% in the first year of the package and 8.4% in the second year. Both of those percentages are more than double the rate in the Consumer Price Index.

The district in its offer is proposing a wage rate increase of 5.6% and 6.3%. This is nearly double the C.P.I. rate. The district believes that given the economic difficulties of the region its offer is generous. They point out that the income of teachers is \$7000 greater than the average mean total income in the district.

A more generous offer might be needed if the the district had difficulties in recruiting new teachers or in retaining its current staff. That has not been a problem in the past and none of the teachers who have left the districts employ gave that as a reason.

The Hillsboro District contends that its offer also better reflects the interest and welfare of the public. 1988 was not an ordinary year for an agriculturally based community such as Hillsboro. The drought that occurred during 1988 wreaked havoc on the economy of Hillsboro. That alone was devastating, but its impact was magnified because it followed a number of years in which agriculture was suffering disproportionately in the Wisconsin economy. The effects were felt in Vernon County where the value of farm acreage declined from \$888 per acre in 1985 to \$755 in 1986. In the boundary of the Hillsboro School District there was a 17% decline in the assessed value per pupil.

Some of the ramifications of the drought have not been fully felt yet. Some 40% to 80% of certain crops were lost because of the drought. Some of these were very important to farmers as a source of feed for their animals during the winter. The cost of replacing those feeds has not yet been fully felt.

The district is opposed to the use of any school not in the athletic district for the purpose of comparison. They particularly are opposed to including any school districts from the Ridge and Valley Conference. They rely on a decision by Arbitrator Flagler involving the 1985-86 contract for Elroy-Kendall-Wilton, where he rejected the inclusion of Ridge and Valley school districts in a situation in which Scenic Bluffs had only

two settled contracts. Flagler ruled that the two conferences were no longer statistically similar in their salary structures.

The district concedes that Hillsboro from 1970 to 1977 was part of the Scenic Central conference along with the Ridge and Valley Conference school districts. At that time it was part of the Northern Division of the Conference and the only schools in the Ridge and Valley Conference who were in that division were Westby and North Crawford. They note that eleven years have passed since that conference was abolished.

The district also contends that it is untimely to rely on the settlements from the Ridge and Valley conference. Those settlements were all negotiated prior to the commencement of the drought which had the very adverse impact on the region's economy during 1988. The drought was such a significant disaster that it would be unfair to use settlements made prior to it's onset in comparison.

The School district objects to the use of state-wide averages of settlements for comparison purposes. Statewide patterns ignore the history and peculiarities of particular districts and should not be followed.

Finally the district argues that because the Association's final offer increased both the lane differential and the experience increment, the Association's final offer would result in a restructuring of the salary schedule. This should be changed as a result of negotiations by the parties, not as a result of an arbitrator's decision.

G. POSITION OF THE ASSOCIATION

The keystone of the Association's argument is that the arbitrator use as comparable school districts a combination of the Scenic Bluffs Conference and the Ridge and Valley Conference. They have been used in the past by other arbitrators because until 1977 the two athletic conferences were merged. Since there are no teacher contract settlements in any of the school districts in the Scenic Bluffs Conference the Association is proposing that the Ridge and Valley Conference is an appropriate source of school districts that can provide some information for comparing teacher compensation in southwestern Wisconsin.

The Association contends that the interest and welfare of the public is best served by the adoption of its final offer. The financial circumstances of the district are not in quite the dire circumstances that the Association claims. The levy rate in the district has declined from eleventh in the combined Athletic Conferences in 1984-85 to thirteenth in 1986-87. The district is scheduled to receive more than \$190,000 in additional state aid in 1988-89. The district has voted a substantial increase in compensation to its administrators, an amount that in one year almost exceeds the two year raise for the most senior teachers.

The economic distress that the Hillsboro District is facing does not make it unique among the smaller school districts of the State of Wisconsin. Many agricultural communities have had a hard times for the past several year including the others in the same athletic conference and surrounding conferences. Hillsboro is not different from any of those other districts, a fact the district must to show if it wishes not to be compared with those districts.

The Association compares the offers of the parties with the settlements of other school districts. It contends that if the district's final offer is accepted the ranking of Hillsboro will only fall further behind the other districts in the combined conference.

The Association disputes the use of the Consumer Price Index as an appropriate way to measure the increased living costs for teachers. The best way to determine the increase of the cost of living for teachers is to look at other teacher settlements. The pattern of settlements is an accurate barometer of teacher living costs. They note that the teacher settlements should be above the C.P.I. because teacher pay is currently inadequate and is being raised in those districts that understand the seriousness of the problem.

When Hillsboro's total compensation package is compared with that of the other districts it does not stand up well under the scrutiny. The other districts have longevity pay higher then the amount offered in Hillsboro. Adding the longevity pay of Hillsboro to it's schedule maximum would result in it ranking even lower in the list of comparable schools.

The Association concludes that it treats career teachers better under it's final offer. These are the teachers who have been with the system for the maximum amount of time and whose skills should be cherished. The district treated them worse under it's final offer. Their service is diminished by the response of the board.

The Association challenges the statistical test that the district uses to denigrate the comparability to the Ridge and Valley Conference and the Scenic Bluffs Conference. It contends that just because a set of salaries are not statistically equivalent does not preclude two groups of school districts from being considered as comparable.

The Association contends that there is an exodus of teachers from the Hillsboro district. This will not be stopped by merely raising the BA base salary as the district is proposing. This loss can be stemmed only by an increase in the compensation paid to the senior teachers as the Association has proposed.

H DETERMINATION OF COMPARABLE SCHOOL DISTRICTS

Hillsboro and the Scenic Bluff Athletic Conference are in a very unique situation. No other schools in the conference

have reached a teacher settlement. The Athletic Conference has been the primary source of comparable schools in arbitration proceedings. When that is the case we must chose to either ignore that statutory criteria or look for school districts outside of the conference.

Although I have never had an arbitration matter in which none of the other conference districts have settled, I have gone outside of the conference to obtain a proper balance. In this case I feel there is no alternative but to look at school districts in other conferences.

Other arbitrators regularly have gone outside of the athletic conference to find similarly situated schools districts. On those occasions in which I have done so I have looked for school communities that meet the criteria I indicated in my decision in Wautoma Area School District (1986), where I said:

"When going outside of traditional athletic conference groupings, it is important to insure (1) the school districts are of similar size, (2) the districts are of similar demographic character, (3) the districts are in reasonable geographic proximity."

I restated this position in the decision in The Colby School District (1986).

The schools of the Ridge and Valley Conference appear to be similar in size, demographic character, and are located in proximity to Hillsboro. When the enrollment, number of teachers, and median income are compared the results show as follows:

<u>SCHOOL DISTRICT</u>	<u>ENROLLMENT</u>	<u>TEACHERS</u>	<u>MEDIAN INCOME</u>
Bangor	541	34.1	\$18,996
Cashton	506	36.8	16,884
DeSoto	625	48.7	17,227
Elroy	960	48.7	15,449
Hillsboro	575	38.0	14,573
Ithaca	347	24.3	15,213
Kickapoo	559	34.0	12,554
LaFarge	308	25.3	12,964
Necedah	514	36.0	14,339
New Lisbon	694	46.8	15,580
North Crawford	588	40.6	13,237
Norwolk	435	34.5	14,395
Seneca	413	32.5	13,125
Wauzeka	360	30.1	15,236
Weston	406	27.5	15,696
Wonewoc	<u>458</u>	<u>32.0</u>	<u>15,128</u>
Average, Scenic Bluff Conference	585	41	15,668
Average, Ridge and Valley Conference	451	33	14,407

It is apparent that all the districts in the two conferences are primarily serving agricultural areas. The only district that could be regarded as exurban or suburban would be Bangor, which is located approximately 18 miles east of the City of LaCrosse. It's median income is the highest among the 16 districts, which is a reflection of that location. It is however also a rural agricultural district. If it were removed from our calculations the median family income would decline to \$14,773 for the fifteen remaining districts.

I do note however that the median income in the Ridge and Valley Conference is \$1000 less than the Scenic Bluff average, that there is an of 8 fewer teachers per school district, and more than 100 fewer pupils in each district in that conference.

The parties have not offered any evidence that suggests that any other conference or schools should be considered for comparison purposes. The fact that some differences do exist between the two conferences does however require looking at the Scenic Bluff Conference for a historical perspective as to how each of the schools rank as compared with the other schools in that conference.

I. DECISION

Sec.111.70(4)(cm) Wis. Stats. sets out the criteria that an arbitrator must consider in an interest arbitration proceeding. Among the factors is the interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

There is no doubt that the agricultural sector of the economy in the State of Wisconsin has suffered greatly in the past several years. The substantial cutbacks in the dairy price support system, the general retrenchment of agricultural programs, and the devastating impact of the drought have wreaked havoc in rural Wisconsin. This has been particularly true in southwestern Wisconsin.

The value of agricultural land in Vernon County has dropped considerably, from \$888 per acre in 1985 to \$755 in 1986. That drop occurred prior to the impact of the drought being felt, which certainly has not contributed to a reversal of the decline. This has had a substantial effect on the Hillsboro district where there was a drop of 17% in the assessed value per pupil. The drought impact will be further aggravated because of the high percentage of certain crops were lost as a result of the lack of moisture some of which were used for winter feed for some of the farm animals.

It should be noted that these negative economic factors

have had an effect nearly identical on all the possible comparable school districts. The response of those other districts in their teacher contracts must be considered as a factor also.

When all the components that should be considered in the criteria relating to the interest and welfare of the public, and the criteria for determining the ability of the unit of government to meet the cost of a proposed settlement the offer of the Hillsboro School District is the superior proposal.

Another of the major factors that must be considered is the comparison of wages and working conditions with similarly situated workers in the comparable districts. Using the recognized benchmarks in school arbitration cases we see the following among the schools in the combined conferences that have settled their contracts:

BA MIN 1988-89

1. North Crawford	\$18,200
1. Seneca	18,200
Hillsboro Asso.	18,050
3. Ithaca	18,025
Hillsboro Bd.	18,000
4. Wauzeka	17,950
5. DeSoto	17,925
6. Weston	17,923
7. Kickapoo	17,780

BA 7TH 1988-89

Hillsboro Asso.	\$22,565
1. Ithaca	22,351
2. Weston	22,225
Hillsboro Bd.	22,165
3. Seneca	22,131
4. North Crawford	21,920
5. Wauzeka	21,916
6. Kickapoo	21,860
7. DeSoto	21,465

BA MAX 1988-89

1. Kickapoo	\$26,620
2. Weston	26,526
3. Seneca	26,062
4. Ithaca	25,956
Hillsboro Asso.	25,790
5. North Crawford	25,640
Hillsboro Bd.	25,140
6. Wauzeka	24,560
7. DeSoto	23,825

MA MIN 1988-89

1. Seneca	\$20,300
2. Kickapoo	20,180
3. North Crawford	20,150
4. DeSoto	20,070
Hillsboro Asso.	19,940
5. Wauzeka	19,800
Hillsboro Bd.	19,764
6. Ithaca	19,525
7. Weston	19,363

MA 10 1988-89

1. Seneca	\$27,243
2. North Crawford	27,080
3. Kickapoo	26,840
4. Ithaca	26,554
Hillsboro Asso.	26,390
5. Weston	26,334
6. Wauzeka	26,055
Hillsboro Bd.	25,714
7. DeSoto	25,650

MA MAX 1988-89

1. North Crawford	\$30,160
2. Kickapoo	29,800
3. Ithaca	29,678
Hillsboro Asso.	29,615
4. Seneca	29,557
5. Wauzeka	28,835
Hillsboro Bd.	26,689
6. Weston	28,657
7. DeSoto	28,130

SCHED MAX 1988-89

1. Seneca	\$32,162
2 North Crawford	31,365
3. Ithaca	31,046
4. Weston	30,877
5. DeSoto	30,600
6. Wauzeka	30,250
Hillsboro Asso.	29,930
7. Kickapoo	29,800
Hillsboro Bd.	28,983

When averaged the combined ranking of the Associations final offer at all the benchmarks is 4.29, while the district's combined ranking is 5.71. The Association's offer being very slightly above the average and the districts rank slightly below the average for the settled schools. The most dramatic lag is found in the Schedule Maximum where the district's proposal would have the schedule as last among the settlements.

When the two offers are examined in consideration with the other settled schools in the two athletic conferences combined, it appears that the final offer of the Association is narrowly preferable, since it comes closer to the average of all the settled districts in the benchmark levels. But that is not the only set of comparison information that we need to review since all of the settled districts are from the other conference.

We must examine the relative position of the Hillsboro Schools within their own athletic conference in the prior year in order to determine where it ranks on the benchmarks and if it is necessary to "catch-up" to the average to correct an unduly unfair ranking. That could require that an immediate substantial increase is needed, or it could show the district is toward the top of its own conference. Since none of the districts have settled contracts for 1988-89 we can not rely on that year, but will look at 1987-88. The salary schedule shows the following for that year:

<u>DISTRICT</u>	<u>BA</u>	<u>BA7</u>	<u>BAMAX</u>	<u>MA</u>	<u>MA10</u>	<u>MAMAX</u>	<u>SCH MAX</u>
Bangor	\$17270	\$20750	\$24230	\$19195	\$24595	\$28195	\$28645
Cashton	17700	20700	24200	19220	23720	25720	26480
Elroy	17572	20782	22387	19072	23720	26562	26862
Hillsboro	17150	20720	24290	18890	24245	27815	28105
Necedah	17765	19975	24255	18545	23360	26035	26480
New Lisbon	18454	21214	25354	21294	25704	28644	29209
Norwalk	17100	19896	24305	19680	25025	26885	27530
Wonewoc	16895	20630	23895	18645	23145	25645	26345
Average	17488	20583	24111	19318	24210	26938	27457

The data shows that Hillsboro is above the average in the conference for all except the BA and MA base. When ranked the data shows as follows:

<u>DISTRICT</u>	<u>BA</u>	<u>BA7</u>	<u>BAMAX</u>	<u>MA</u>	<u>MA10</u>	<u>MAMAX</u>	<u>SCH MAX</u>
Bangor	5	3	5	4	3	2	2
Cashton	3	5	6	3	6	7	6
Elroy	4	2	8	5	5	5	5
Hillsboro	6	4	3	6	4	3	3
Necedah	2	7	4	8	7	6	6
New Lisbon	1	1	1	1	1	1	1
Norwolk	7	8	2	2	2	4	4
Wonewoc	8	6	7	7	8	8	8

Hillsboro has an aggregate rank of 4th place when all of the rankings are combined.

Clearly within its own athletic conference Hillsboro ranks in the middle of the schools, slightly above average. since we do not have any settlements or awards within the conference it would be too speculative to predict the relative placement of the schools for year 1988-89. The review of the placement in the past year is a factor that narrowly supports the position of the district.

Looking at the final offers by both the Association and the District, they both exceed the C.P.I. of the past year. The C.P.I. is not necessarily going to accurately reflect the income change in all occupations, some will exceed the inflation rate, especially if there is a shortage of recruits in that skill, such as nursing, or if there is a national or occupational effort to upgrade the skill or profession. When the C.P.I. is considered in this particular dispute, it operates in support of the offer of the District.

When all the statutory factors are considered and given their proper weight, I must conclude that the final offer to be selected will be the District's. It would be unjust to penalize the Hillsboro District, whose current salary schedule is in the middle of it's own conference ranking, because none of the other districts in the conference have settled their contracts.

J. AWARD

Therefore it is the decision of this arbitrator that the 1988-89 and 1988-89 Contract between the Hillsboro Education Association and the School District of Hillsboro include and incorporate the final offer of the Hillsboro School District.

Dated this 20 day of February, 1989



FREDERICK P. KESSLER
Arbitrator