

FEB 23 1989

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

IN THE MATTER OF ARBITRATION)	
)	
Between)	
)	Marvin Hill, Jr.,
BELMONT TEACHERS')	Arbitrator
ASSOCIATION (Union))	
)	WERC Case No. 40708
-and-)	INT/ARB - 4941
)	
SCHOOL DISTRICT OF BELMONT)	Decision No. 25688-A
BELMONT, WISCONSIN)	
(Employer))	

Appearances

For the Association: Mr. Paul Bierbrauer, Executive Director, South West Teachers United, 145 West Barber Street, Livingston, Wisconsin, 53554.

For the Administration: Mr. Barry Forbes, Assistant Executive Director, Wisconsin Association of School Boards, 122 West Washington Avenue, 5th Floor, Madison, Wisconsin, 53703.

I. BACKGROUND, FACTS, AND STATEMENT OF JURISDICTION

The instant dispute involves negotiations for a 1988-90 collective bargaining agreement. The record indicates that the parties' current agreement expired on June 30, 1988. Bargaining for a successor agreement began in the Spring of 1988. The parties met in open session to exchange initial proposals on February 16, 1988. Thereafter, the parties met on seven occasions in attempts to reach voluntary settlement.

On June 6, 1988, the Belmont Education Association filed a petition with the Wisconsin Employment Relations Commission (WERC) alleging that an impasse existed between it and the District in their collective bargaining. The Association further requested that the Commission initiate mediation. Mr. Stuart Levitan, a member of the Commission's staff, conducted an investigation which reflected that the parties were deadlocked in their negotiations.

On or about October 3, 1988, the undersigned was notified by WERC of his selection as arbitrator. An arbitration hearing was held on December 12, 1988 at the

Belmont High School, Belmont, Wisconsin. Post-hearing briefs were filed and exchanged through the offices of the Arbitrator on February 6, 1989.

II. ISSUES FOR RESOLUTION

At issue are the salary schedules and long-term disability insurance contribution levels to be implemented for the 1988-89 and 1989-90 contract years, and the health and dental contribution for the 1989-90 school year.

III. POSITION OF THE BELMONT EDUCATION ASSOCIATION

A. 1988-89 and 1989-90 Salary Schedules

The Association proposes a 1988-89 base salary of \$18,000, and a 1989-90 base salary of \$19,150. The Association has proposed the same (1988-89) or smaller (1989-90) schedule base than that proposed by the District (\$19,200). The Teachers have proposed a small modification in the vertical and horizontal increments, thus maintaining the existing cell-to-cell relationship within the salary schedule. (The District has proposed to continue the existing dollar value of the vertical and horizontal increments). The Union submits that the value of the increments must be modified along with the value of the base in order to maintain the existing internal relationship of the salary schedule.

In support of its salary offer, the Association makes the following arguments:

1. Comparability. The Association has used the Blackhawk Athletic Conference and school districts that are proximate to the conference schools as the relevant benchmarks. The Teachers assert that there is arbitral precedent that allows the Association to range beyond the geographical limitation. According to the Teachers, in the instant matter, where there is no prior determination of comparability and no previous arbitration cases between these parties, Sec. 111.70 (4)(cm) 7 must be applied pursuant to the intent of the Wisconsin legislature. The modifications have limited the comparison to an area that is less than that considered a job market region, and it has selected, as its primary comparable group, only those districts within the economic/geographic/job market area that are settled through the 1989-90 contract year. The District's proposed comparability group would require the arbitrator to selectively adopt comparable school districts from within the same economic/geographic/job market region set forth by the Association. To do that, the legislative intent encompassed in the May, 1986 modification of the statute would be lost, according to the Association.

The Association further points out that even prior to the 1986 statutory modifications, many arbitrators have looked to an expanded comparability group when sufficient settlements did not exist in a more traditional comparable group.

Finally, the Teachers provide Ass'n Ex. 132, which is a Wisconsin Association of School Boards document regarding teacher settlements on a state-wide basis. While the Association does not rely heavily upon this bench-mark, it does assert that a broad-based analysis is appropriate in analyzing the reasonableness of the parties' final offers. In the Association's eyes, the data allows the arbitrator to understand that the settlement trend is greater in terms of dollars per teacher increase than is shown in the above-referenced exhibit.

2. The interest and welfare of the public and financial ability of the Administration to meet the costs of any proposed settlement.

The Association contends that, at the hearing, the District has made no claim that the Union's final offer is in conflict with the interest and welfare of the public or exceeds the ability of the District to meet the costs of the Teachers' offer. In fact, notes the Union, counsel for the District directly responded to the Association's inquiry regarding ability to pay by stating that the District has unlimited ability to tax therefore there is no inability to pay.

According to the Association, total budgeted monies for salaries equal \$848,419. The Association's final offer would command \$782,354, while the District's offer requires \$776,781. No evidence has been presented that shows the Belmont community was uniquely impacted by the drought or any other economic conditions. The Union notes that, rather than being unique, the evidence indicates that the Belmont School District is very much in the mainstream with the comparable school districts. The levy rate in the District is less than most of the comparable school districts, the provisions of Wisconsin Act 421 & 422, and "off farm" income all favor the position of the Association.

3. 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.

The Association asserts that the comparison of wages, hours, and conditions of employment of the District's employees relative to the cited bench-marks is the major consideration in this matter.

In this respect the Association argues that determinative in the selection of a single final offer are the component issues of:

a) The relative increases at the seven (7) benchmarks of the salary schedule among the comparables (Ass'n Exs. 44, 47, 50, 53, 56, 59, 62);

b) The relative rankings at seven (7) benchmarks of the salary schedule among the comparables; and

c) The relative salary increases as measured by average dollar/teacher increases on salary schedule only income.

4. Consumer price index (CPI) trends. In response to the District's data indicating trends in the CPI, the Teachers submit that arbitrators tend to place little value on the CPI, relying instead upon the voluntary settlement pattern among the comparables as a measurement of the cost-of-living. The Association contends there is no record that shows that the public in the Belmont School District is under greater inflationary pressure than are residents of other communities, and that settlement patterns are the best measure of the impact of the cost-of-living. Asserting that the cost-of-living as measured by the standard CPI is not as reliable as is the cost-of-living as measured by the settlements among the comparables, the District's offer should be found to be inadequate.

B. Insurance

Health/dental and long-term disability (LTD) are both at issue in this dispute.

Health & major medical and dental insurance

The parties have both certified offers that would have the district pay \$283 per month toward the full cost of family plan coverage in the 1988-89 portion of the contract.

In the second year of the contract (1989-90), the parties have proposed District payment of premiums of \$318 per month for family coverage, approximately a 12.4 percent increase. Thus, the dispute over health/dental premiums is limited to the 1989-90 portion of the contract.

In support of its position, the Union makes the following arguments:

The health/dental insurance premiums proposed by the Association better retains the current relationship of current employer/employee cost sharing. The combined full monthly premium cost for the 1988-89 contract year is \$319, of which the parties have agreed the District will pay

\$283, or 88.6 percent. (Jt. Exs. A & B). There is, according to the Union, a 2.6 percent gain in the portion of the District's payment toward the health/dental insurance premium in the 1988-89 agreement voluntarily reached. And while this represents a slight movement back towards full payment by the District, 88.6 percent of full costs among the comparables ranks only above the percentage paid in Benton (Ass'n Ex. 116).

For the year at issue (1989-90), the insurance rates are unknown. The Teachers project an 18 percent increase in health rates, making the 1989-90 cost \$331.08. Adding the current rate of \$38.76 to the health rate, the combined monthly rate will be \$369.84. The Union points out that if its offer of \$318 per month is implemented, the District would pay less than 86 percent of the full premium. If the District offer of \$311 per month is implemented, the Administration would pay 84 percent of the full premium. This indicates, according to the Union, that management's offer does a poorer job of maintaining the current employer/employee payment ratio than the Teacher's final offer.

Long-term disability

The Association has proposed district payments of premiums shall not exceed \$2,900 (1988-89) and \$3,150 (1989-90) annually. The Union argues that the LTD insurance issue is de minimus to the overall matter at issue and should not be at all determinative in the issuance of an award. The Association's offer of \$2,900 for 1988-89 and \$3,150 for 1989-90 would increase District costs by \$550 over a two-year period.

IV. POSITION OF THE ADMINISTRATION

A. 1988-89 and 1989-90 Salary Schedules

The Administration has offered a 1988-89 salary schedule with a base of \$18,000 and a 1989-90 schedule with a base of \$19,200. The Board's offer results in a \$1,640 returning teacher salary increase, or 7.71 percent, in the 1988-89 school year, and a \$1,512 salary increase, or 6.61 percent, in the 1989-90 school year. (Board Ex. 6). According to the District, its offer constitutes a \$2,585 per returning teacher total package increase, or 9.13 percent, in the 1988-89 school year and a \$2,140 total package cost increase, or 6.92 percent, in the 1989-90 school year. Using the District's numbers, the Association's proposal amounts to a total package increase of 9.90 percent for the 1988-90 school year, and an 8.05 percent increase for 1989-90 (assuming the cast-forward method). The parties' total package costs differ by \$7,579 in 1988-89 and \$20,273 in 1989-90, or

\$27,852 for the term of the contract.

In support of this allocation, the Administration makes the following arguments:

1. Comparable districts. The Board has proposed use of the schools in the Blackhawk Athletic Conference, which include Belmont, Benton, Bloomington, Cassville, Highland, Potosi, Shullsburg, and West Grant. All of these schools, according to the Board, have settled for the 1988-89 contract year. Citing numerous interest decisions (Brief for the District at 7-8), the Administration asserts that its choice of comparable school districts is the most appropriate for both this arbitration and for future teacher contract negotiations. According to the Administration, the Belmont School District's student full time equivalent (FTE) and teacher FTE is much closer to the average of the Blackhawk Athletic Conference than it is to either of the Association's comparison groups.

2. Substantial changes in economic circumstances justifies ignoring settlements in otherwise comparable school districts. The District submits that arbitrators have recognized that a substantial change in economic circumstances will justify ignoring settlements in otherwise comparable school districts. Board Ex. 17 shows that all settlements in the Athletic Conference, with the exception of Highland, occurred on or before May 10, 1988. The Administration contends that farmers in Wisconsin first became aware of the drought of 1988 in late May to late June 1988. Schools settling prior to their having knowledge of the drought will have to deal with this issue in their next round of contract negotiations. Belmont is facing these questions now and, therefore, it is appropriate to give comparisons to settlements in other districts less weight than would normally be the case.

3. Interest and welfare of the public. Although the District is not contending that it is unable to pay for either party's final offer, the Administration submits that its offer better satisfies the interest-and-welfare criterion than the Teachers' offer. In support of its contention, the Board argues that: (a) the taxpayers of the Belmont district face serious economic problems; (b) local economic conditions in Belmont are distinguishable from those in otherwise comparable school districts; and (c) the interest and welfare of the taxpayers of the district mandate selection of the Board's final offer.

With respect to the last criterion, the District asserts that its offer gives teachers a real (after inflation) salary increase, while those people who pay for much of that pay increase through property taxes can expect substantial income decreases. Moreover, the Belmont School District teacher salaries are already high enough to attract and retain

competent teachers.

4. Comparisons of wages, hours and conditions of employment at relevant bench-marks. Section 111.70 (4) (cm) 7.d of the statute requires comparison of the parties' final offers to salary settlements in comparable school districts. The Administration points out that, for 1988-89, the parties each maintain their 1987-88 ranking at the BA Base, MA Base, MA 9th step, MA maximum, and schedule maximum. The Board maintains its ranking at BA Step 6, while the Association improves that ranking. The Board and Association improve the District's ranking at the BA maximum. According to the Administration, to the extent that this evidence favors either award, it favors the Board's offer as the Board maintains the District's historic position among comparable school districts.

Similarly, for 1989-90, the parties maintain their 1987-88 ranking (relative to the schools that have settled) at the MA Base, MA Maximum and schedule maximums. The Board maintains its 1987-88 ranking at the BA Base, while the Association's offer would reduce that ranking from first to third. The Association's BA 6th Step offer maintain's the District's ranking ranking at that step while the District will slip from third to fourth place at that step under the Board's offer. The Board's offer maintains the District's BA maximum ranking while the Association's offer improves that ranking from fourth to third. The Association's offer maintain's the District's MA 9th Step ranking while the Board's offer reduces that ranking from second to third. The Administration notes that if one is keeping score, the Board is more reasonable on two bench-marks, the Association is more reasonable on two, and the parties are equally reasonable on the other three bench-marks. In any case, the Board believes that the Association should not prevail in this arbitration based on the salary schedule increase generated by the parties' offers alone. Other factors must be considered.

4. Cost-of-living. The Administration points out that, since 1980-81, the Belmont teachers have received pay increases in excess of the rate of inflation, and that both final offers exceed the cost of living (as measured by the CPI) by a substantial margin. Further, this real salary increase far exceeds that which taxpayers in the District and working people in general can expect to receive this year. This evidence, the Board asserts, supports selection of its final offer.

B. Insurance

Health & major medical and dental insurance

As noted, the parties have both certified offers that would have the district pay \$283 per month toward the full cost of family plan coverage in the 1988-89 portion of the contract. In the second year of the contract (1989-90), the Administration has proposed its payment at \$311 per month for family coverage, an increase of approximately 10 percent.

Long-term disability

The Administration has proposed that its payment of premiums shall not exceed \$2,750 (1988-89) and \$3,000 (1989-90) annually.

Arguing that the amount of money involved is small compared to the difference in the parties' salary offer, the Administration elected not to separately argue the insurance premium issues in its brief.

V. DISCUSSION

A. The Statutory Criteria

Section 111.70 (4) (cm) 7 (a-j), Wis. Stats., directs the interest neutral to "give weight" to eight factors, enumerated as follows:

- 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 employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes performing similar services.
- e. Comparison of wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes generally in public employment in the same community and in comparable communities.
- f. Comparison of wages, hours and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes 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 employes, 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, factfinding, arbitration or otherwise between the parties, in the public service or in private employment.

For the record, I have formulated an award based upon the above-cited criteria. In the instant case, however, certain criteria are deserving of discussion:

B. Comparability

As outlined above, there is a dispute between the parties with regard to the most appropriate set of comparables that should be considered in assessing the parties' final offers. There is no question that, all things equal, the preferred bench-mark is the athletic conference. As stated by Arbitrator Gil Vernon in Neillsville School Board, Dec. No. 20202-A (1983):

The Arbitrator recognizes that the use of the athletic conference as a comparable group is not perfect. There are certainly some variances among schools based on size, tax base, and geographic proximity. However, generally an athletic conference does combine reasonably similar schools. In addition there is another reason why athletic conferences, in absence of mutual agreement to use some other comparable group, should generally be used as a basis for comparison. This has to do with predictability and the stability which results from using the same comparable group from year to year. If the parties come to the bargaining table knowing, absent special circumstances, that mediator/arbitrator[s] are going to be reluctant to go outside the athletic conference or some other traditionally utilized comparable group, bargaining will be more meaningful because each party will have the same benchmark to measure the reasonableness of offers in bargaining. Progress in bargaining certainly would be slowed if the parties come to the bargaining table with different measuring sticks if the form of different comparable groups of the reasonableness of their offers. When they come to the bargaining table with these different sticks, they are speaking different languages and thus never making respective comparisons on the same basis perhaps in the hopes that a mediator/arbitrator will adopt their "measuring stick" which may enhance the

reasonableness of their offer. The statutory process might be strengthened if parties were first to come to mutual agreement on comparables prior to the start of bargaining.

Arbitrator Ed Krinsky, in Stevens Point School Dist., Dec. No. 20952-A (1984), had this to say on the utility of using the athletic conference as the primary bench-mark:

The comparison basis most commonly used in bargaining throughout Wisconsin is the athletic conference, because districts are commonly grouped that way in accord with size and geographic proximity. They are not a perfect standard for bargaining comparisons, but they are widely used for that purpose.

Similarly, Arbitrator Neil Gundermann, in Tigerton School Dist., Dec. No. 23001-A (1986), found the athletic conference the preferred comparable:

The selection of the athletic conference as the most pertinent set of comparables is due at least in part to the fact that the parties themselves frequently rely on athletic conference schools as being comparable. There are also certain assumptions made regarding the athletic conference, which may not always be true. It is assumed that schools in the same athletic conference are approximately the same size in terms of students and staff, are generally in the same geographic area, and generally reflect the same type of constituency, i.e., urban, suburban or rural. If these assumptions are supported by the evidence, the athletic conference is the preferred set of comparables to be considered.

Absent a determinable number of conference settlements, however, the Association has correctly argued that settlements contiguous to Belmont may provide an adequate basis for determining the more reasonable offer. Support for this position is found in numerous decisions. For example, Arbitrator Haferbecker, in Crandon (Dec. No. 20171-A, 1983), had this to say regarding the use of alternative comparables when the preferable districts have not settled:

Comparability with other teachers. I think the Union has made a strong case for using CESA #3 schools for comparisons, particularly since so few of the Northern Lakes Athletic Conference schools have made 1982-83 settlements. The Employer concedes that there are too few 1982-83 settlements in the athletic conference to provide useful comparables so the Employer states that the Arbitrator should turn to other criteria instead--such as the interests of the public.

How should the 1986 statutory modifications of (cm) 7 be treated? Arbitrator Joe Kerkman, in Elkhart Lake-Glenbeulah

School Dist., Dec. No. 25005-A (1988), set forth the standards of comparability under the amended statute as follows:

Effective May, 1986, Section 111.70 (4) (cm) 7 of the Municipal Relations Act was changed by the Legislature so that what had been criteria d was split into criteria d, e and f of the revised statute. Criteria d now requires the Arbitrator to consider wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with wages, hours and conditions of employment of other employees performing similar services. Previously, criteria d spoke to the same type of comparisons, but linked those comparisons to comparisons in comparable communities. The legislative mandate of criteria do no longer require the Arbitrator to consider comparable communities when comparing wages, hours and conditions of employment of the employees in the arbitration with wages, hours and conditions of employees performing similar services. Thus, for the purpose of comparing patterns of settlement of teachers and wage rates or salary comparisons of teachers, those comparisons pursuant to d of the statute are to be made without respect to whether the communities are comparable. Consequently, all of the determinations with respect to comparable communities are inapplicable when making the comparisons of patterns of settlement for teachers and salary or wage comparisons for teachers. For the foregoing reasons, then, the undersigned will consider not only the athletic conference in analyzing the patterns of settlement for teachers and wage comparisons for teachers, but the undersigned will also consider all of the comparisons advocated by both parties in these proceedings. In making those determinations, however, geographic differences and prior salary relationships that may have existed will be considered.

As argued by the Teachers, to use the District's proposed athletic conference, and no other bench-marks, the Arbitrator would be limited to just four settlements for comparison in the 1989-1990 portion of the instant dispute. Further, the Administration's proposed comparability group would require the Arbitrator to selectively adopt comparable school districts from within the same economic/geographic/job market region set forth by the Association. The legislative intent encompassed in the 1986 modifications would accordingly be lost.

My ruling is that while both parties' comparable bench marks can be considered under (cm) 7 (d - f) (especially when there are few settlements for 1989-90), under this record the primary comparison group is the athletic conference.

* * *

What do the comparables show? Using the Association's comparables groups (contiguous districts that have settled collective bargaining agreements for 1988-1989 & 1989-89)(Ass'n Ex. 14), the final offer of the Teachers is the more reasonable. An examination of tables #3, #4 and #5 in the Association's Brief at 20 & 21 (revealing the relative increases at the seven benchmarks of the salary schedule among the comparables) supports the Association's position. Similarly, the relative rankings at seven bench-marks of the salary schedule among the comparables, and the relative salary increases as measured by average dollars/teacher increases supports the Association's contention that the District's offer is substantially below average bench-mark increases.

When district size is taken into account, however, there is good reason to place major emphasis on the Administration's comparables. In this respect, the following table, derived from Board Exhibits 14, 14A and 14B, indicates student populations within each comparison group:

<u>Comparison Group</u>	<u>Student FTE</u>		<u>Teacher FTE</u>	
	1986-87	1987-88	1986-87	1987-88
Belmont School Dist.	415.0	434.0	31.2	32.6
Blackhawk Conference	375.8	376.7	30.0	30.7
BEA Primary Group	719.0	712.9	54.0	54.5
BEA Tri-County Group	665.3	659.5	50.3	50.8

Source: Board Exhibits 14, 14A & 14B.

As noted by the Administration, Belmont's student full time equivalent (FTE) and teacher FTE is much closer to the average of the Blackhawk Athletic Conference than it is to either of the Association's comparison groups. Board Exhibits 14A and 14B illustrate with specificity the size disparity between Belmont and many of the schools in the Association's primary and Tri-county comparison groups. Analysis of this data indicates that for 1988-89, the Athletic Conference is indeed a better comparable for evaluating the parties' final offers than the Association's bench-mark jurisdictions.

Using the District's bench-mark ranking analysis, neither offer can be said to be preferred over the other for 1988-89:

Belmont Benchmark Rankings

Benchmark	1987-88	1988-89	
		Board	Association
BA Base	3/4	2/7	2/7
BA 6th	4	4	3
BA Maximum	7	6/7	6
MA Base	3	3	3
MA 9th	3	3	3
MA Maximum	7	7	7
Schedule Maximum	7	7	7

As shown, the parties each maintain their 1987-88 ranking at the BA Base, MA Base, MA 9th step, MA Maximum and Schedule Maximum. The Board maintains its ranking at the BA step 6, while the Association improves that ranking. The Board and Association improve the District's ranking at the BA maximum.

When comparing Belmont to Benton, Potosi, Shullsburg and West Grant, the districts that have settled for 1989-90, the rankings are as follows:

Belmont Benchmark Rankings

Benchmark	1987-88	1989-90	
		Board	Association
BA Base	1	1/3	3
BA 6th	3	4	3
BA Maximum	4	4	3
MA Base	1	1	1
MA 9th	2	3	2
MA Maximum	5	5	5
Schedule Maximum	5	5	5

According to this analysis, neither offer can be preferred over the other (at least in the Board's eyes).

Another indication of comparability is measured by

average dollar/teacher on the salary schedule. Association Ex. 147 shows 1987-88 average teacher salaries in 30 school districts in the CESA #3 region. Belmont ranks 28th among the 30 schools in average teacher salary.

The average dollar increase figure for recent bargains is, as argued by the Teachers, a more reliable measure for purpose of comparability. Average 1988-89 salary schedule dollar increases (cast-forward method) for the Blackhawk Athletic Conference Schools are as follows: Benton (2,394) Bloomington (1,584), Cassville (1,867), Highland (na), Potosi (2,152), Shullsburg (1,583), and West Grant (2,199; includes new fringe benefit). The 1988-89 average is \$1,963.

For 1989-90, the figures are: Benton (1,655), Bloomington (na), Cassville (na), Highland (na), Potosi (2,248), Shullsburg (1,635), and West Grant (1,607; includes new fringe benefit). The 1989-90 average is \$1,786. The "cost impact" for the parties' offers is as follows:

	1988-89 cast f'ward	1988-89 (actual)	1989-90 cast f'ward
Ass'n	\$1,813	\$1,341	\$1,738
Dist	1,640	1,180	1,512

Source: (Ass'n Exhibits 6-11)

Based on the number of dollars allocated to each returning teacher on the salary schedule (cast-forward method), looking only at the conference schools (as urged by the Administration), the Association's final offer would appear, on balance, to get the nod over the Administration's offer. The balance is even more in favor of the Association when the Teachers' bench-mark districts are examined for the 1989-90 settlements.

C. Interest and Welfare of the Public

In evaluating the parties' final offers, Section 111.70 (4) (cm) 7 (c) of the Act mandates that the Arbitrator weigh the interest and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

As pointed out by the Employer, the parties are between \$26,000 and \$28,000 apart in the total package costs of their offers. According to the Board, the \$26,000 to \$28,000 represents the amount of potential property tax relief or increased spending on teacher compensation embodied in the parties' respective offers.

Belmont lies almost totally within Lafayette County. The record indicates that Lafayette County has 1390 farms

covering some 398,000 acres, representing more land in farming than all but ten other counties in Wisconsin. Board Ex. 37 provided USDA estimates of producer production losses in Wisconsin in 1988. Lafayette County lost significantly more of livestock feed crops such as corn, hay and pastures than Grant and Iowa Counties and the State of Wisconsin as a whole. Further, the Wisconsin Department of Revenue (WDR) reported estimates of the impact of the drought of 1988 on 1988 farm income in August and November of 1988. The WDR estimated that early readings on the estimated drought damage to crops ranged from 25 to 60 percent. Farm income is projected to decline by more than 20 percent.

In Princeton School Dist., Dec. No. 22015-A (1985), Arbitrator Sharon Imes had this to say about arguments that a particular district is more dependent upon the farm economy than comparable districts:

The District has not argued an inability to pay either increase but has strongly urged consideration of the economy and particularly the farm economy in determining the reasonableness of the offers. Without a showing that this District is any more dependent upon the farm economy than the comparable districts or that the financial condition of its taxpayers is significantly different from that of the taxpayers in comparable districts, it cannot be concluded that this criterion should prevail over the need for catch-up.

Recognizing its obligation to demonstrate that Lafayette County relies more on agriculture than most other counties, the Administration offers Exhibit 42 which ranks Wisconsin counties in order of their economic dependence on agriculture. The data is as follows:

<u>County</u>	<u>Earned Income From Farming</u>	<u>Employment in</u>		
		<u>Farming, Forestry & Related</u>	<u>Farm Inputs</u>	<u>Processing</u>
Lafayette	43%	46.0%	4.3%	5.0%
Iowa	29%	35.0%	4.2%	3.5%
Grant	21%	21.8%	2.9%	2.2%
Wisconsin*	14%			

* Per county average

Lafayette County ranks first in the state for economic dependence on agriculture. Grant and Iowa counties, while dependent on agriculture, do not raise to the level of

vulnerability to farm financial stress existing in Lafayette.

There is yet another consideration that favors the District's final offer under the interest-and-welfare criterion. The District's final offer, which provides a 9.13 percent total package increase in 1988-89 and a 6.2 percent total package increase in 1989-90 (using the Board's numbers), is significantly above the cost-of-living index. Indeed, under both offers teachers will see their real income levels increase. Also, there is evidence in this record that taxpayers working for an hourly wage will receive substantially less than the increases contained in the Board's final offer. And there is no evidence indicating that selection of the Board's final offer will damage the quality of education in this district.

Arbitrator Jay Grenig, in Evansville Community School District (Dec. 22930-B, 1986), considered the "interests and welfare of the public" and declared as follows:

While the Board may have the ability to pay the Association's offer, the interest and welfare of the public are an important factor here. It is difficult to support a total compensation increase in excess of nine percent in a rural school district at a time when the equalized valuation in the District has declined and the prices received by farmers who pay a substantial portion of the District taxes have dropped. So long as a large portion of public school funding comes from local tax sources, these local economic conditions must be given considerable weight.

Arbitrator Grenig selected the Board's 7.01 percent total package increase and rejected the Union's 9.48 percent package "because the Board's salary is more responsive to the current economic situation in the District." His reasoning, is especially noteworthy:

The Board's offer does not result in a cutback in teacher wages and benefits. In fact an important new benefit would be added--long term disability insurance. Although the Board's offer would not provide as large an increase in compensation as the Association's, the Board's offer is considerably in excess of the increase in the cost of living and will improve teachers' real income. The Board's offer also provides a percentage increase greater than that received by a substantial number of employees in the private sector.

While not providing as large an increase as many teachers may wish and while costing more than many District taxpayers may like, the Board's offer strikes a reasonable and appropriate balance between the needs of the teachers and the public. Furthermore, the Board's offer meets the public interest in keeping the District

in a reasonably competitive position to attract competent teachers, to retain valuable teachers now serving the District, and to give recognition to advanced degrees and training.

Arbitrator Robert Reynolds, in Edgerton Education Ass'n. (Dec. No. 23114-A, 1986), similarly applied the interest and welfare criterion and declared that it would be possible to conclude that the lower offer is more responsive to the public, especially where both parties' offers are reasonably close:

It cannot be said that a lower offer is always more responsive to the welfare of the public than a higher [offer]. However, when two offers are reasonably close, as they are here, and within the boundaries established in comparable districts, as they are here, it is possible to conclude that the lower offer of the Edgerton School District is more responsive to the welfare of the public.

Although a close case, I conclude that the Administration has carried the day in demonstrating that its 16 percent total package offer over a two-year period is more responsive to the interest and welfare of the public than the Association's final offer of approximately 18 percent over two years, even though there is only a \$26,000 to \$28,000 difference at issue.

D. Conclusion

The record reveals that the Association makes the better case with regard to comparability while the Administration arguably makes the better argument with regard to the interest and welfare criterion. Where, then, does this leave the parties? Citing the 1988-89 Fall Report to the Department of Public Instruction, the Teachers have pointed out that the District has budgeted \$848,419 for salaries for 1988-89. Comparing the amount of available money to the actual expenditures the District will have under the final offers reveals the following distribution:

<u>Budgeted</u>	<u>Association Offer</u>	<u>Excess Funds</u>	<u>District Offer</u>	<u>Excess Funds</u>
\$848,419	\$782,354	\$66,065	\$776,781	\$71,638

As noted, on an actual cost basis there is only a difference of \$5,573 for 1988-89. Moreover, the District's levy rate is less than most of the Association's comparable school districts. Add to this the notion that there should be compelling reasons for an employer to move in the opposite direction from the salary and benefits pattern established in

the area through collective bargaining, at least in the absence of an inability to pay on the Administration's part, my ruling is for the Teachers.

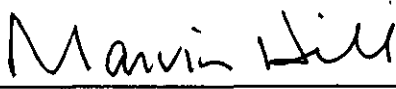
There is a final consideration that tips the precarious balance in this case to the Association -- the insurance issue. As submitted by the Teachers, the combined full monthly premium cost for the 1988-89 contract year is \$319, of which the parties have agreed the District will pay \$283, or 88.6 percent. While this is a 2.6 percent gain in the portion of the District's payment toward the health/dental insurance premium in the 1988-89 agreement voluntarily reached, 88.6 percent of the full costs among the comparables ranks only above the percentage paid in Benton. (Ass'n Ex. 116).

For the 1989-90 school year, insurance rates are projected to increase 18 percent. If the Belmont current health rate of \$281 were to increase as projected, the 1989-90 rate would be \$331. The Administration would then pay less than 86 percent if the Association's offer were accepted. The percentage declines to 84 percent if the District's offer of \$311 were implemented. As correctly argued by the Teachers, the District offer does a poorer job of maintaining the current employer/employee payment ratio than the Teachers' final offer.

VI. AWARD.

For the above reasons, my ruling is for the Teachers' final offer.

Dated this 2nd day of February,
1989, DeKalb, Illinois.



Marvin Hill, Jr.
Arbitrator