



IN THE MATTER OF THE INTEREST
ARBITRATION BETWEEN

THE NEKOOSA SCHOOL DISTRICT

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

AND

Case 33, No. 41075, INT/ARB 5021
Decision No. 25817-A

THE NEKOOSA EDUCATION ASSOCIATION

A. INTRODUCTION

This is a final and binding arbitration proceeding brought between the above mentioned parties under Section 111.70 (4)(cm) Wis. Stats. On September 12, 1988, the Nekoosa School District filed a petition with the Wisconsin Employment Relations Commission alleging that an impasse existed in the collective bargaining with the Nekoosa Teachers Association. On November 7th, Robert M. McCormick a staff member of the W.E.R.C. conducted an investigation. On December 13th, he concluded that the parties were deadlocked. On the 19th of December, the parties were sent lists of arbitrators. This arbitrator was notified on January 19, 1989 of his selection. A hearing was scheduled for April 7, 1989, on the dispute.

B. APPEARANCES

The Union was represented at the hearing by David W. Hanneman, the Executive Director of the Central Wisconsin UniServ Council-South. Also present on behalf of the Association were Jarrett Krage, Jane Anderson, Mary Laklien, Leonard Engbert, Richard Reeves, Robert Hoff and Nancy Fritz.

Dean Dietrich, an Attorney with the law firm of Mulcahy and Wherry, S.C. represented the Nekoosa School District. Also present were the District Administrator Robert Scamfer, Wayne Freeman and Ray Taylor. The District called as a witness it's President, Herbert Carlson.

C. THE HEARING

The hearing was scheduled to commence on April 7, 1989 at 4:00 P.M. It was convened at 4:13 and adjourned at 7:00 P.M. The only witness who testified was School Board President Herbert Carlson. All other evidence offered was in exhibit form, and it was received by stipulation.

The parties submitted briefs to the arbitrator dated May 12, and reply briefs dated May 19, 1989.

D. THE POSITION OF THE DISTRICT

The Nekoosa School District feels that the arbitrator

should focus on three issues. First, the determination of the most appropriate group of comparable school districts. That group is found in the South Central Athletic Conference, rather than in a combination of school districts located in a twenty mile radius of the Nekoosa District, which the Association proposes. Second, although important, wages are not the only issue in dispute because the cost of health and dental insurance is a very substantial part of the package that has been proposed by the Association. Third, the Association's proposal to change the method for paying the insurance premium is an alteration of the "status quo".

Athletic conferences should be used as comparable groupings in disputes involving teacher wage disputes because they generally consists of a large enough number of schools of similar size and economic factors with similar municipalities within the same geographic area. Their use will promote stability in bargaining relationships, something that will encourage parties to voluntarily settle their disputes. The athletic conference is advantageous because it can be used more than once in arbitration proceedings involving that particular school district. Consistent comparisons can be made between the various school districts in the conference on a number of different occasions.

Problems sometimes arise when there are insufficient settlements in a conference. Then the other statutory criteria should be used. The burden of proof should shift to the party who contends the athletic conference is not adequate.

The athletic conference provides best comparable series of schools for the District. The number of pupils in Nekoosa is similar to the average in the South Central Athletic Conference. The number of full time equivalent teachers, the school cost per pupil, the state aid per pupil, and the levy rates are also similar.

The Association list of comparable schools violates criteria that have been used in the past by this arbitrator. These school districts contain systems that are substantially larger then the districts in the South Central Conference; some are as much as four times larger than Nekoosa. It is not appropriate to compare systems such as Marshfield, Stevens Point, and Wisconsin Rapids with Nekoosa because their problems are so different. Nekoosa was excluded from comparison in two decisions involving Stevens Point and Marshfield made by other arbitrators.

The District believes the demographic data from the census of 1980 relied on by the Association is outdated. Population and the number of households have changed since then. The claimed dependence on agriculture in some of the other schools in the athletic conference may also have changed.

When the salary structure of the school districts from the South Central Athletic Conference is compared, the final offer of the District provides for salaries of teachers exceeding

the average of the conference in all of the categories except BA Minimum and MA Minimum for 1988-89. In the Schedule Maximum category the District offer would make Nekoosa the first ranked district for that year. In 1989-90 the District's offer would put it above average in all categories except the two listed above and the BA Maximum.

The District points out that the both the BA and MA Minimum classifications each affect one teacher, and that 75% of the teacher staff have seven or more years of experience. One third of the teaching staff has an MA Degree with the majority in the MA+12 category. A teacher salary proposal should be tested by application to the facts, rather than on a hypothetical evaluation.

The final offer of the District exceeds the cost of living as measured by the Consumer Price Index. The CPI since 1980-81 has increased by 35.4%. A teacher in BA step 12 has an increase of 51.4% based on 1980-81 comparisons under the Districts offer. Under the final offer of the Association a teacher would receive a 54.1% cumulative increase. For teachers who increase their education credits, they will receive even greater pay rate increase in excess of the CPI under the Districts offer.

The Association's final offer substantially exceeds the the North Central Nonmetro Urban Area CPI. In communities with a population of less than 50,000 persons, the CPI increase was 3.2% compared with a national average CPI increase for urban wage earners of 3.9%.

The interest and welfare of the public is better served by the Districts final offer. the cost of the Association's final offer is \$226,000 more the the offer of the District. Since 1980-81, the district tax levy has increased by more than 49%. It is unfair to the taxpayers to require them to increase their local tax burden by the even larger amount proposed by the Association.

The final offer of the Association exceeds what any of the other non-teacher public sector employees in the area have received. Both the Wood County and the City of Nekoosa employees have settled for wage increases that are less than the percentage of both the District and the Association's final offer. The administrative Staff of the Nekoosa District have settled for a 4% increase in 1988-89. The non-certified staff of the District have not yet reached a settlement.

Nonpublic employees who work at the Nekoosa Paper Corporation, will not receive a wage increase in 1989. All four of it's unions, the Machinists, the Pipefitters, the United Paper-makers, and the OPEIU will receive no wage increase until 1990 under the four year contract in effect. The paper mill is the major employer of the taxpayers of the Nekoosa School District.

The District contends that the Association is altering the "status quo" in it's proposed changes in the health and dental insurance provisions. Historically there has always been a

"cap" on the premium that the district pays for it's contribution. That "cap" has been stated in a dollar amount. The Association is now proposing that the cap be stated in a percentage for the second year of the contract. The District views this as a substantial and unjustified departure from the "status quo". The Association has not shown a compelling need for the change, nor that the change conforms with the practice among the comparable districts, nor that a "quid pro quo" has been offered in exchange. The burden of proof is on the Association to establish each of these criteria.

The District denies that the 3% limit on the health insurance premium increase is a change from the past contract provisions. The 1984-86 agreement, according to the District, contained a provision requiring the employers to pay only a 3% increase in health insurance premium costs. The District is not tampering with the historical contract language.

The district is unpersuaded by the argument that the Association offers on insurance; that it is more cost effective for everyone, since it is paying with "before tax dollars" rather than requiring the employee pay with "after tax dollars". The taxpayers of the district do not gain, they merely pay a higher tax rate.

Only two districts in the conference pay a higher rate for insurance. Neither of those provide for vision insurance. One does not provide dental insurance. In the case of Nekoosa, it offers no "give" for what it seeks to "take". When the cost of the annual payments for health, dental, and vision insurance are added in to the salary at each benchmark, the final offer of the District exceeds the average for 1988-89 in the South Central Athletic Conference in all categories except BA minimum. The total compensation figure far outdistances other districts in the athletic conference.

In regard to the co-curricular salaries, the figures are tied closely to the teacher salary rates. The arguments offered in regard to salaries in general are equally applicable in this instance.

The reliance on state-wide data by the arbitrator is discouraged. School districts differ from each other within the state just as districts vary from state to state. The national studies that the Association offers into evidence have merit but are incomplete. They are based on the assumption of sweeping reforms in the educational system, not merely reforms in the salary of teachers. If salaries are to be improved there must be a concurrent commitment in accountability and teacher productivity.

The District further argues that Nekoosa teachers are neither overworked nor underpaid. A study that the Association has submitted is not applicable to the Nekoosa District. No evidence indicates the teachers of Nekoosa are working 10 hour days or are spending the time that the Association contends a national

study shows teachers spend to meet their continuing study requirements.

E. THE POSITION OF THE ASSOCIATION

The Association points out the District's ability to pay any award made by the arbitrator is undisputed. There is public interest in maintaining a high level of quality in education in Nekoosa. This can only be insured by continuing to recruit and retain teachers who have the necessary skills. The Association's final offer creates a greater incentive for teachers to return to school for additional training. This will encourage teachers to view this occupation as their lifetime career.

Recent changes in Sec 111.70(4)(cm) of the Wisconsin Statutes have resulted in a change of emphasis in the Employment Relations Act. The new language emphasized that the performance of similar services is the factor that must trigger the comparison. The change in the statute encourages the use of comparisons outside of the traditionally relied upon athletic conference. Before we examine salaries of persons in other occupational categories we must examine the compensation of teachers in comparable communities and elsewhere in Wisconsin.

Nekoosa in particular, is a district in which the athletic conference should be ignored. It has changed conferences on a number of occasions in the last 15 years. Athletic conferences are organizations of convenience for athletic purposes. They are not created for collective bargaining reasons and should not be controlling for any labor relations purposes. A teacher in Nekoosa performs the same function as is done in any other district in the state. Therefore that teacher should be compared with teachers throughout the state. The state has adopted educational standards that apply throughout the entire state. The same formula for public funding is applied all throughout Wisconsin. Comparisons should reflect these statewide standards.

This is the first time Nekoosa has been unable to reach a voluntary agreement. Therefore no arbitrator has ever determined an appropriate comparison group for this district. The district is centered in the City of Nekoosa, a community whose economy is dominated by one company, a paper mill. Several other cities in the area are also single company "paper" towns. They include Port Edwards, Wisconsin Rapids, and Stevens Point, all in a 20 mile radius. None of the other school districts in the South Central Athletic Conference are paper mill towns. They are agricultural market communities or cities in which tourism is the dominant employer.

Wisconsin Rapids is the economic center in the area immediately around Nekoosa. Wages paid in that city have a major economic impact on Nekoosa, which makes Wisconsin Rapids appropriate to include in any comparable group. Nekoosa is the farthest northern district it's athletic conference, almost as far away from the center as it is possible to be. Only Sparta is more

distant from it's athletic competitors. School districts that are adjacent to an economic hub city are different from those that are located far from the center. The comparison with the hub city is essential. The economy of the hub city will control the economic conditions in the satellite community. Stevens Point, less than twenty miles from Nekoosa, exerts a similar economic ripple effect although it is not a paper mill town. Both Wisconsin Rapids and Stevens Point should be included in any list of comparable districts.

Statewide settlement data submitted by the Association should also be considered. All teachers in Wisconsin are licensed by the Department of Public Instruction; all perform similar services. Therefore, the compendium of settlements in districts that have resolved their contracts should be considered.

The most important element in both final offers is the wage issue. When the dollars per full time equivalent teacher, and the percentage increase for wages from settled schools, are scrutinized the Associations final offer is superior. The districts in the 20 mile radius group gave an average increase to full time equivalent teachers of \$1730, which is a percentage increase is 6.82% for 1988-89. This is above both the final offers of the District and the Association. For 1989-90, the District's offer remains below the twenty mile group 1988-89 figure and while the Association's dollar amount exceeds it. In 1987-88, Nekoosa paid it's teachers 100.1% of the state teacher average salary. The Association seeks 98.6% of the state average for 1988-89. The District offers 95.1% of the state average. This decline relative to state-wide averages would result in them making less than the 95.4% they received in 1985-86.

The final offer of the Association is also much closer to the average settlement for the athletic conference. The four settlements for the conference have an average full time equivalent teacher increase of \$1519, which is a percentage increase of 5.74%. The District has proposed a group of secondary comparable districts, consisting of adjacent school system, which, when averaged, result in a percentage increase that is also closer to the Associations final offer, even though that offer is below the average for that group.

The Consumer Price Index must be applied with caution in teacher wage disputes. Teachers wages rely on a form of deferred compensation. A teacher does not get credit for his or her continuing education courses until the teacher reaches a certain point in the step plan. Therefore it is not fair to use those increments in computing the available increase.

The Associations proposal is only asking for a 5.2% increase in 1988-89 and a 4.83% increase in 1989-90. A number of arbitrators are now relying on market conditions to determine teacher living costs instead of the CPI. This has resulted in the cost of living being de-emphasized as a factor in teacher compensation disputes. Overall compensation should be downplayed in

this case in that the record does not contain sufficient information as to what the overall compensation patterns of the comparable districts contain. The data submitted by the District on that subject is so incomplete that no conclusions can be drawn from it.

The teachers have reduced their wage request because of their concern over insurance costs. The Association's proposal calls for the District to pay the same percentage for dental insurance in 1988-90 as it did in 1987-88. In 1987-88 the District paid 95% of the dental insurance premium. There has been a substantial increase in the cost of health insurance in the past year. In 1987-88 the District paid 95.87% of a single persons premium and 96.95% of the family policy cost. Prior to 1982, the District paid the entire cost of the premium for health insurance. During the time between 1982 and the current contract it paid between 96% and 97% of the cost. Because of the steep increase in the health insurance rates, that payment declined to only 82% of the premium. The Association has proposed that the contract return to the historical figure of about 95% of the premium.

Insurance expenses paid by the teachers directly to the carrier are paid in money that has already been subjected to the income tax. If the District were to pay the premium to the company that benefit would not be treated as taxable income to the teachers. It would save the teachers money, because they would not have to pay part of it in taxes. It would also save the District money because FICA and retirement contributions would not be based on these payments as part of wages. In effect it would cost the District 19% less, and save the teachers 30% of the cost, if paid this way.

Five of the Association's comparable districts pay 100% of the cost of a single persons insurance policy. Two pay 100% of the family policy. All of the rest pay between 90% and 95%. The Associations offer is more in conformity with those districts. Since the District has traditionally paid almost 96% of the cost of insurance the arbitrator should return Nekoosa to that historic status quo by adopting the Associations offer.

The parties in the past, have reached a voluntary agreement that has enabled the teachers to move ahead of the comparables in some cases. This should not be held against the teachers. The purpose of interest arbitration is to get the parties to the point in the process where the award of the arbitrator would be close to what they would have agreed upon in a settlement.

Over 58% of the teachers in the Nekoosa system have MA degrees. If they were employed in other occupations they would be paid better wages than they earn as teachers. The argument often used against paying teachers an adequate wage is that they work less than a full year. That is unjustified. Studies that have recently been done show that a typical teacher now works 50.4 hours per week, or 92% of a forty hour per week workers year.

Nationally there is a great concern over the continuing ability to recruit students in colleges to become teachers in this country. Teachers salaries must be made commensurate with other professions in order to persuade talented young persons to make this their career. The adoption of the Association's final offer would be a step that Nekoosa could take in this direction.

Certain fiscal information must be considered in the evaluation of the offers of the parties. The District increased it's budget by 7.7% in August of 1989. It's levy is 4.59% lower than two years ago. The aid that the District received from the State of Wisconsin was increased by \$814,681, partly because of teacher lobbying efforts. No taxpayer opposition to the Association's offer has surfaced in the district and no petitions were filed seeking a public hearing.

The District cannot justify granting it's teachers a mere four percent increase in compensation when the school budget was increased by more than 7%. The arbitrator is urged to reject this line of thinking and incorporate the Association's final offer in the two year contract award.

F. ISSUES IN DISPUTE

There are four issues involved in the dispute between the Nekoosa School District and the Nekoosa Education Association.

The first and most significant issue is wages. The Association has proposed a wage increase of 5.72% for the first year and 6.08% for the second year of the contract. The District has proposed a wage increase of 3.95% for the first year and 3.98% for the second year. The arbitrator must determine which of those proposals most closely reflects the wages paid to comparable employees as defined by the statute.

The second issue is whether a dollar "cap" or a percentage "cap" on the employer contribution to the health insurance premium is more appropriate.

The third issue involves the cap on employer contributions to the cost of the dental insurance for the second year of the contract.

The fourth and final issue is the rate to be paid to teachers for their work in co-curricular activities. The parties have increased the pay rate for that work at the same rate they have suggested in the salary schedules that they have proposed for the regular teaching obligations.

G. DETERMINATION OF COMPARABLES

One of the most significant decisions to be made in this dispute, or for that matter in any interest arbitration proceeding, is which sets of similar employees will be used for

the comparison purposes set out in the statutes.

The parties have submitted for consideration, three different comparability groups. The District has offered as it's primary comparability group the South Central Athletic Conference. The other districts in that conference include Adams-Friendship, Baraboo, Mauston, Portage, Reedsburg, Sparta, Tomah, and Wisconsin Dells. All but Nekoosa and Baraboo have reached voluntary settlements covering at least the first year of the contract period that we are considering in Nekoosa. Those school systems have the following characteristics:

South Central Conference

<u>District</u>	<u>Enrollment</u>	<u>Teachers</u>
Adams-Friendship	1724	119.25
Baraboo	2388	139.40
Mauston	1344	86.45
Portage	2204	139.03
Reedsburg	1951	120.78
Sparta	2584	141.87
Tomah	2656	159.21
<u>Wisconsin Dells</u>	<u>1478</u>	<u>98.25</u>
Average	2033	125.53
Nekoosa	1478	85.80

The school districts are all of similar size and have close to the same number of teachers. No one district stands out as being out of proportion to the other districts.

The major disadvantages to the use of this group is that Nekoosa is located in the far northern corner of the conference. Nekoosa's economy is influenced by factors far different from some of the other districts. It is a paper mill community whose primary economy is based on manufacturing, with very little agricultural employment.

As a secondary set of comparable school systems, the District has submitted a list of districts whose boundaries abut the Nekoosa District. That list consists of Adams-Friendship, Necedah, Pittsville, Plainfield, Port Edwards and Wisconsin Rapids.

Adjacent School Districts

<u>District</u>	<u>Enrollment</u>	<u>Teachers</u>
Adams-Friendship	1724	119.25
Necedah	538	36.00
Pittsville	731	45.70
Port Edwards	446	35.83
Tri-County	784	53.58
<u>Wisconsin Rapids</u>	<u>5606</u>	<u>329.29</u>
Average	1638	103.29
Nekoosa	1478	85.80

This group of districts are more effected by the same economic considerations and factors. Two of the other districts, Port Edwards and Wisconsin Rapids, have paper mills located within their boundaries. This group average is distorted by the presence of Wisconsin Rapids which has nearly 57% of the total enrollment in the conference. Without Wisconsin Rapids this grouping would have an enrollment average of 845 students and 58 teachers.

The Association has proposed a group of districts in a 20 mile radius of Nekoosa. This group consists of Adams-Friendship, Almond-Bancroft, Auburndale, Marshfield, Necedah, Pittsville, Port Edwards, Stevens Point, Tomah, Tri-County and Wisconsin Rapids. They have enrollment and teacher averages as follows:

Twenty-mile Radius

<u>District</u>	<u>Enrollment</u>	<u>Teachers</u>
Adams-Friendship	1724	119.25
Almond-Bancroft	500	32.03
Auburndale	863	54.50
Marshfield	3846	223.32
Necedah	538	36.00
Pittsville	731	45.70
Port Edwards	446	35.83
Stevens Point	7186	402.20
Tomah	2656	159.21
Tri-County	784	53.58
<u>Wisconsin Rapids</u>	<u>5606</u>	<u>329.29</u>
Average	2262	135.54
Nekoosa	1478	85.80

The major difficulty with this grouping is that it consists of districts that are very diverse. The range of enrollment consists of one district with 446 students and another with more than 16 times that number. The size variation effects the options that are available to students, the size of the administration, the degree of supervision that is needed, and the closeness of the teaching staff to the community that it serves.

An arbitrator should be cautious if he decides to deviate from the well established pattern of using athletic conferences as the comparability group in school district disputes.

Nekoosa is a unique district when it is examined as against the other districts in it's athletic conference. It is the only district that is heavily reliant on manufacturing and it has the smallest agricultural component of the South Central Conference districts. Although income statistics were not available for all of the districts offered as comparables, it had the highest family income level of similarly sized districts.

If I chose to venture out of the athletic conference and construct a new group of comparable districts I would choose

districts similar in size, in geographic proximity, and of similar economic and demographic character. I would recognize the uniqueness of a paper mill town, where the mill is the only significant employer in the community. Wage rates are higher than the surrounding community. When business in the paper industry is good, that there is a level of prosperity that is not found in every other community. There are other single-employer paper mill communities that are available to use for comparison purposes. The problem in using them is that they are either in the Fox River valley, and therefore not in geographic proximity, or they are much smaller such as Port Edwards, and therefore not demographically similar. An ideal community might be Mosinee, but neither side has put forward any data from that community. It is similar in size and is not that far from Nekoosa. One might even consider other one industry communities, such as Kohler, in the construction of comparable groups for these districts.

While the athletic conference is not always the ideal grouping, there are no better alternative available on the record in this case. Therefore I would use the South Central Athletic Conference as the comparability group in the Nekoosa Dispute.

H. TEACHER COMPENSATION

The issue of the appropriate salary for the teachers of the Nekoosa District is the first of the questions to be resolved. The two final offers must be weighed by the criteria described in the statute.

Sec 111.70(4)(cm)(7) Wis.Stats. sets out the criteria for evaluating the final offers of the parties in an Interest Arbitration proceeding. Among the most significant is:

(c) Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.

In school district/teacher arbitration disputes the use of certain benchmarks have long been recognized as good indicators of the fairness of wage proposals. Those benchmark salary levels are the BA minimum salary, the BA 7th step, the BA maximum, the MA minimum, the MA 10th step, the MA maximum, and the maximum salary in the wage schedule. In the South Central Athletic conference those benchmarks show the Nekoosa School District proposed salaries in relation to the other district's salaries for the two year period of the proposed labor agreement as the following:

	<u>1988-89</u>		<u>1989-90</u>
<u>BA MINIMUM</u>			
1. Reedsburg	\$20,000	1. Wis.Dells	\$20,700
2. Portage	20,000	2. Adams-Friendship	19,720
3. Wis. Dells	19,753	3. Tomah	19,507
4. Mauston	19,490		
5. Adams-Friendship	18,903		
6. Sparta	18,827		
7. <u>Tomah</u>	<u>18,751</u>		
Average	19,389	—————	19,976
Nekoosa			
District	18,655		19,168
Association	19,150		20,075

The final offer of the Association is closer to the average of the conference for both years in the entry level classification.

BA STEP 7

1. Wis. Dells	23,503	1. Wis. Dells	24,450
2. Portage	23,060	2. Tomah	22,983
3. Reedsburg	22,875	3. Adams-Friendship	22,205
4. Mauston	22,640		
5. Sparta	22,277		
6. Tomah	22,093		
7. <u>Adams-Friendship</u>	<u>21,285</u>		
Average	22,533		23,213
Nekoosa			
District	23,131		23,770
Association	23,746		24,893

The Association's offer places the teachers in first place for both years. The Districts offer is closer to the average of the conference.

BA MAXIMUM

1. Adams-Friendship	27,872	1. Adams-Friendship	29,055
2. Sparta	27,102	2. Tomah	27,881
3. Tomah	26,809	3. Wis. Dells	27,575
4. Wis. Dells	26,628		
5. Mauston	26,315		
6. Portage	25,100		
7. <u>Reedsburg</u>	<u>24,875</u>		
Average	26,386		28,170
Nekoosa			
District	26,789		27,520
Association	27,494		28,807

The final offer of the District is closer to the con-

ference average for both years. The offer of the Association places the teachers in this classification in second place for both years.

MA MINIMUM

1. Reedsburg	21,800	1. Wis.Dells	23,075
2. Wis. Dells	21,753	2. Adams-Friendship	21,653
3. Portage	21,655	3. Tomah	21,220
4. Adams-Friendship	20,755		
5. Mauston	20,540		
6. Sparta	20,437		
7. <u>Tomah</u>	<u>20,398</u>		
Average	21,048		21,983

Nekoosa

District	20,520	21,086
Association	21,065	22,082

The final offer of the Association is slightly above the average for both years. It is closer to the average than the offer of the District in either year.

MA STEP 10

1. Portage	28,135	1. Wis. Dells	28,700
2. Reedsburg	27,500	2. Tomah	27,787
3. Wis. Dells	27,378	3. Adams-Friendship	26,622
4. Sparta	26,712		
5. Tomah	26,711		
6. Mauston	26,615		
7. <u>Adams-Friendship</u>	<u>25,519</u>		
Average	26,939		27,703

Nekoosa

District	28,114	28,884
Association	28,268	30,251

The Association's offer places the Nekoosa teachers in the highest ranking position for both years. The Districts offer places them in first place only in the second year.

MA MAXIMUM

1. Adams-Friendship	33,826	1. Adams-Friendship	35,266
2. Sparta	31,762	2. Wisconsin Dells	33,075
3. Wisconsin Dells	31,753	3. Tomah	32,365
4. Portage	31,735		
5. Mauston	31,340		
6. Tomah	31,119		
7. <u>Reedsburg</u>	<u>31,000</u>		
Average	31,791		33,569

Nekoosa

District	33,544	34,453
Association	34,427	36,070

The Districts final offer would result in Nekoosa's teachers at this level having the second highest salary in the conference. If the Associations offer was adopted they would receive the highest pay.

SCHEDULE MAXIMUM

1. Adams-Friendship	35,943	1. Adams-Friendship	37,475
2. Reedsburg	33,900	2. Wisconsin Dells	34,500
3. Portage	33,700	3. Tomah	33,677
4. Sparta	33,102		
5. Mauston	33,090		
6. Wisconsin Dells	32,953		
7. <u>Tomah</u>	<u>32,380</u>		
Average	33,581		35,217
Nekoosa			
District	35,958		36,946
Association	36,909		38,677

Under the Association offer the Nekoosa District would rank in first place in the conference in both contract years. The Districts offer would result in first place the first year and in second place the following year.

Applying the seven benchmark levels of compensation to both final offers, the teachers of the Nekoosa system will be compensated more generously than most of their colleges in the South Central Athletic Conference under either proposals. The final offer of the District comes closer to the average in the conference.

The evidence indicates that the four unions representing the employees at the Nekoosa Paper Company have negotiated different four year contracts with that employer. The provisions do not call for any wage increases to any of the employees in the four bargaining units during the years of the teacher contract. Therefore when the Nekoosa teachers are compared with the most significant private employees in the same community, at least for the two years of this proposed contract teacher increases exceed the private sector under either proposal. Such comparisons are very difficult to make, because the of the job of a teacher and the job of an industrial worker in a paper mill are so different. In addition the mill has no guaranteed increase in revenue, while the school district is aware of and can plan on state aid increases. The increase that the District is offering is also more generous than the city of Nekoosa municipal employee wage increase.

Arbitrators must also consider the rate of the consumer price increase as a measure to determine the increase in the cost of living in the district. The rate of increase for the period of time that under consideration was 3.9% per year. This is less than the final offer of either the District or the Association. The CPI is no longer regarded as a completely accurate measure

for teacher wage requests, given the difficulties in recruitment that are anticipated. Never the less it is a factor still to be weighed.

When all these factors are considered, the final offer of the District on the issue of wages, is the preferable final offer. The Nekoosa School district is more generous in it's wage package than the other schools in the comparison group, and is closer to the conference average then the Association package.

G. HEALTH INSURANCE

The second of the major issues in dispute is the type of "cap" that should be placed on the employers contribution to the health insurance premium. Under the prior contract a dollar "cap" was in place, which was relatively close to a consistent percentage.

The health insurance provisions of the school districts in the South Central Athletic Conference reflect the following limits on employer contributions;

EMPLOYER CONTRIBUTION LIMITS

<u>SCHOOL DISTRICT</u>	<u>PERCENTAGE</u>		<u>DOLLARS</u>	
	<u>SINGLE</u>	<u>FAMILY</u>	<u>SINGLE</u>	<u>FAMILY</u>
Adams-Friendship	93%	93%		
Mauston	100%	90%		
Portage			\$76.36	\$197.14
Reedsburg	100%	93%		
Sparta	100%	100%		
Tomah	100%	90%		
Wisconsin Dells			<u>103.00</u>	<u>269.75</u>
Average	99%	93%	89.68	233.45
Nekoosa				
District			86.60	225.00
Association			97.98	253.40

Most of the other South Central Athletic Conference districts describe the limit that they place on the employer's contribution to the premium in percentage terms.

The final offer of the Association is in that way more reflective of the contractual arrangements with the comparable school districts. The difference between offers here is that the Associations offer requires that the future premium increases would be absorbed partly by the district at a fixed percentage. Conversely, future increased under the District offer are solely the responsibility of the employee.

The Association's offer makes a fundamental change in the financial relationship of the parties. A specific dollar amount is changed to a percentage figure which shifts the risk of

increase to the party who previously bore it (the employee), to a situation in which both the parties share the risk. In cases in which a structural change in the relationship between the parties is being proposed, it should be negotiated by the parties. The substitution of a percentage figure for a dollar figure is a structural change in the relationship.

The District "cap" is consistent with past contract language; the District's final offer preferable on the health insurance premium "cap".

H. DENTAL INSURANCE

The dispute over the language of the employers contribution to the dental insurance premium is identical to the health insurance dispute.

Only two other districts have a contract provision that provides for dental insurance for their teachers. The Tomah District pays \$8.00 for single employees as a dental benefit. Wisconsin Dells pays \$9.90 of the \$15.07 single premium and \$29.15 of the \$41.39 family premium for its teachers in 1988-89. The 1988-89 contract in Nekoosa calls for the District to pay \$11.70 of the \$12.36 single premium and \$36.13 of the \$38.22 family premium under both the Association and District offer. In the Association final offer the District would pay the same proportion in 1989-90 as it did in the previous year.

The offer of the District is more in line with that of the comparable school districts as to the dental insurance premium. The Association proposed changes would require the employer to pay a fixed percentage even if there were steep increases in the premium rates. As with the health insurance, this is an alteration of a relationship which should be the product of negotiations rather than an arbitration award. Therefore in regards to dental insurance the final offer of the District is preferred.

I. CO-CURRICULAR SALARY

The issue of the appropriate rate of pay for the co-curricular obligations of the Nekoosa teachers is tied to the salary schedule in each final offer. For some of the positions in the schedule, the compensation is expressed in a percentage of the salary a teacher receives. For other positions, it is expressed in flat dollar terms that are equal to the percentage in each offer.

The same reasoning which found the salary proposal in the District's final offer was superior applies to the co-curricular wages. No evidence was offered reflecting pay for comparable jobs in other districts. I conclude, therefore, the parties intended the result on co-curricular salaries to follow the result reached on the underlying salary package. I further conclude that one of the parties would have addressed the issue if the Nekoosa co-curricular responsibilities differed signifi-

cantly from those in other districts. Consequently the Districts offer is preferred on the co-curricular compensation issue.

J. CONCLUSIONS

The final offer of the District more accurately meets the criteria of the statute. The District wage offer relies on the traditionally recognized comparable groupings, in this case the South Central Athletic Conference. The teachers of the Nekoosa District are among the highest paid in the conference. The major deficiency with the conference comparison is the economic uniqueness of Nekoosa, a one company town. Traditionally the paper mill provides higher wages for its workers than are found in the adjacent agricultural areas. However no combination of districts that meet recognized economic, demographic, and geographic criteria could be found that could substitute for the athletic conference.

In the area of the health and dental insurance proposals for the second year of the contract, the final offer of the District conforms more with that of the comparable districts. The change from a flat dollar amount limitation in the employers contribution, to a percentage limitation constitutes a structural change in the contract which is more appropriately done by agreement of the parties, rather through an arbitrators award. Although the percent limit is found in most of the comparable contracts, the inclusion of it in Nekoosa would be a change in the status quo and should not be approved by the arbitrator except in extraordinary circumstances. Such circumstances have not been demonstrated here.

K. AWARD

Therefore the final offer of the Nekoosa School District shall become the contract of the parties in this dispute.

Dated this 30th of June 1989

Frederick P. Kessler
Arbitrator