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AUG 16 1989
WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

STATE OF WISCONSIN

BEFORE THE INTEREST ARBITRATOR

In The Matter Of The Petition Of The
CASHTON EDUCATION ASSOCIATION
To Initiate Arbitration Between Said
Petitioner And The
CASHTON SCHOOL DISTRICT

Daniel Nielsen, Arbitrator
Case 12 No 41127 ARB-5036
Decision No. 25863-A
Date of Appointment: 2/06/89
Date of Hearing: 4/13/89
Record Closed: 6/27/89
Award Issued: 8/09/89

Appearances:

Mr. Gerald Roethel, Executive Director, COULEE REGION UNITED EDUCATORS, Post Office Box 684, La Crosse WI 54602-0684 appearing on behalf of the Cashton Education Association

Mr. Barry Forbes, Staff Counsel, WISCONSIN ASSOCIATION OF SCHOOL BOARDS, INC., 122 West Washington Avenue, Madison WI 53703, appearing on behalf of the Cashton School District.

ARBITRATION AWARD

On February 6, 1989, the undersigned was appointed by the Wisconsin Employment Relations Commission to serve as arbitrator of a dispute between the Cashton Education Association (hereinafter referred to as the Association) and the Cashton School District (hereinafter referred to as the District) regarding the wages, hours and working conditions of professional employees in the District's employ for the 1988-89 and 1989-90 school years.

A hearing was scheduled for April 13, 1989 at the District's offices in Cashton, Wisconsin. Prior to the hearing, the parties met with the undersigned in an unsuccessful effort at mediation. A hearing on the merits immediately followed, during the course of which the parties were given full opportunity to present such testimony, exhibits, other evidence and arguments as were relevant to the dispute. Additional data was submitted by mail, and the parties submitted briefs and reply briefs. The record was closed on June 27, 1989 after the exchange of the reply briefs.

Now, having considered the evidence, the arguments of the parties, the statutory criteria and the record as a whole, the undersigned makes the following Award.

I. Background

The District is a municipal entity providing general educational services to the people in the area of Cashton, near La Crosse in western Wisconsin. In providing these services, the District employs certified teaching personnel and librarians. The Association is the exclusive bargaining representative for these employees.

The District and the Association have been parties to a series of collective bargaining agreements governing the wages, hours and working conditions of employees in the bargaining unit. The last of these agreements expired on June 30, 1988. Negotiations over a successor agreement reached an impasse after five meetings in the first nine months of 1988. A WERC investigation was conducted on December 19, 1988, which reflected a continuing deadlock over wages for a two year agreement. The Commission's investigator certified the existence of an impasse, and the instant proceeding was initiated.

Additional facts, as necessary, will be set forth below.

II. The Final Offers

The dispute, as noted, concerns wages for the 1988-89 and 1989-90 contract years. The Association's final offer, which is appended hereto as Exhibit "A", calls for a BA base salary of \$18,638 in the first year, with an increase in the vertical experience increment from \$500 to \$526-527 and a boost of the horizontal education increment from \$380 to \$400-401. The second year BA base under the Association's offer would be \$19,626, with increases in the experience increment of \$28 and in the educational increment of \$21. This amounts to a salary-only increase of \$1,650 per returning teacher in 1988-89, and an increase of \$1,693 per returning teacher in 1989-90.

The District's final offer, which is appended hereto as Appendix "B", proposes a 1988-89 BA base of \$18,500, and a BA base of \$19,364 in the second year. The experience and education increments would remain at their 1987-88 levels of \$500 and \$380 respectively. The per teacher salary increase on these amounts are \$1,179 in 1988-89 and \$1,200 in 1989-90. This amounts to a package increase of 6.16% in 1988-89 and 5.62% in 1989-90.

III. Statutory Criteria

This dispute is governed by the terms of Section 111.70(4)(cm)7, the Municipal Employment Relations Act. MERA dictates that arbitration awards be rendered after a consideration of the following criteria:

- 7. Factors considered. In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator shall give weight to the following factors:**
 - 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 of employment, and all other benefits received.

i. Changes in any of the foregoing during the pendency of the arbitration proceedings.

j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration or otherwise between the parties in the public service or in private employment."

While each factor is not discussed to the same extent and in the same detail, all have been considered in arriving at this Award.

IV. The Positions Of The Parties

A. The Position Of The Association

1. Comparables

The Association first addresses the issue of comparability, urging that the traditional comparison base be used in this proceeding. Two past arbitrations between these parties, and four cases within the conferences this year, stand for the proposition that the Scenic Bluffs and the Ridge and Valley Conferences are the appropriate primary comparables for Cashton:

<u>Scenic Bluffs Conference</u>	<u>Ridge and Valley Conference</u>
Bangor	De Soto
Cashton	Ithaca
Elroy-Kendall-Wilton	Kickapoo
Hillsboro	La Farge
Necedah	North Crawford
New Lisbon	Seneca
Norwalk-Ontario	Wauzeka
Wonewoc-Union Center	Weston

The sixteen schools in these conferences have consistently been found to be comparable to one another on the basis of demographics, geographic proximity, economic similarity, and bargaining history. All have been, at one time or another in the past twenty years, part of common conferences.

In addition to the traditional conferences, the Association asks that consideration be given to statewide bargaining data, as evidence of the direction taken by the vast majority of bargainers in the state. While statewide data

has been rejected by arbitrators in past years, the change in MERA worked by the 1985 amendments dictates that a broader set of comparables be considered in interest arbitration. Statewide comparables are therefore entirely appropriate in this proceeding, and useful as an indicator of the "cost of doing business" in the schools during these contract years.

2. Salary Comparisons

Turning to the substantive dispute, the Association characterizes the salary schedule issue as having three components. The base salary; the horizontal (education) increment; and the vertical (experience) increment. The offers compare as follows:

<u>1987-88 Component</u>	<u>1988-89 Assoc.</u>	<u>1988-89 Board</u>
Base - \$17,700	\$18,638 (+\$938)	\$18,500 (+\$800)
Vertical- \$500	\$ 526 (+\$ 26)	\$ 500 (+\$ 0)
Horiz - \$380	\$ 400 (+\$ 20)	\$ 380 (+\$ 0)
Salary dollars per returning teacher	\$ 1.650	\$ 1.184

<u>Component</u>	<u>1989-90 Assoc.</u>	<u>1989-90 Board</u>
BA Base Salary	\$19,626 (+\$988)	\$19,364 (+\$864)
Vertical Increment	\$ 554 (+\$ 28)	\$ 500 (+\$ 0)
Horizontal Increment	\$ 421 (+\$ 21)	\$ 380 (+\$ 0)
Salary dollars per returning teacher	\$ 1.693	\$ 1.204

Comparing the offers here to the benchmark salaries at settled conference schools for 1988-89, the Association asserts that its offer best maintains the relative position of the District's teachers vis-a-vis their counterparts. Whether measured by absolute salary figures, dollar per cell increases, or percentage per cell increases, the Association's 1988-89 offer more nearly reflects the area pattern

<u>Ave. Salaries at the Benchmarks</u>	<u>Assoc. Offer 1988-89 [+/-Ave]</u>	<u>Board Offer 1988-89 [+/-Ave]</u>
BA Base - \$18,058	\$18,638 [+ 580]	\$18,500 [+ 442]
BA-7 \$21,695	\$21,797 [+ 102]	\$21,500 [- 195]
BA Max \$25,378	\$25,483 [+ 105]	\$25,000 [- 378]
MA Min \$20,081	\$20,239 [+ 158]	\$20,020 [- 61]

MA-10	\$25,925	\$24,977 [- 948]	\$24,520 [- 1,405]
MA Max	\$28,686	\$27,083 [- 1,603]	\$26,520 [- 2,166]
SchMax	\$29,789	\$27,883 [- 1,906]	\$27,280 [- 2,509]

<u>Ave. Salary Increase Per Returning Teacher</u>	<u>Assoc. Offer 1988-89</u>	<u>Board Offer 1988-89</u>
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BA Base	\$ 975	\$ 938	\$ 800
BA-7	\$1,153	\$1,097	\$ 800
BA Max	\$1,313	\$1,283	\$ 800
MA Min	\$1,102	\$1,019	\$ 800
MA-10	\$1,409	\$1,257	\$ 800
MA Max	\$1,543	\$1,363	\$ 800
SchMax	\$1,589	\$1,403	\$ 800

<u>Ave. % Increase Per Benchmark</u>	<u>Assoc. Offer 1988-89</u>	<u>Board Offer 1988-89</u>
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BA Base -	5.72%	5.30%	4.52%
BA-7	5.61%	5.30%	3.86%
BA Max	5.44%	5.30%	3.31%
MA Min	5.82%	5.30%	4.16%
MA-10	5.74%	5.30%	3.37%
MA Max	5.69%	5.30%	3.11%
SchMax	5.63%	5.30%	3.02%

<u>Benchmark</u>	<u>1987-88 Rank</u>	<u>1988-89 Assoc. Offer [+/- Rank]</u>		<u>1988-89 Board Offer [+/- Rank]</u>	
BA Base	2	2	[-0]	2	[-0]
BA-7	7	9	[-2]	11	[-4]
BA Max	9	8	[+1]	11	[-2]
MA Min	4	4	[-0]	7	[-3]
MA-10	12	11	[+1]	14	[-2]
MA Max	13	15	[-2]	15	[-2]
SchMax	12	13	[-1]	15	[-3]
Total	57	62		75	

While the ranking within the conference is changed at all but two of the benchmarks by the Association's offer, three of the benchmarks actually drop in rank under the Association proposal and two increase by one spot. The District offer, on the other hand, results in an erosion of rank at all but

one of the benchmarks, dropping each but the BA minimum by at least two places.

The Association cautions that the rankings may be misleading, since the parties eliminated the first step of the schedule two years ago. This enhances the appearance of the schedule, but the bulk of the teaching staff does not realize any benefit from this artifice. In real-world terms, the teachers of Cashton do not fare terribly well in comparison with teachers elsewhere in the conference, and the District's offer would simply increase their disadvantage.

The pattern of settlements for the second year is not as clear, but the seven settled schools show a pattern that, once again, clearly favors the Association's offer. Under that offer the District offer would improve the ranking at two benchmarks, the MA-10 and MA Maximum, while maintaining rank at the BA Minimum, BA7, BA Maximum, MA Minimum, and Schedule Maximum. The District's offer result in loss of rank for its teachers at four of the seven benchmarks in the second year, maintaining only the BA-7, MA Maximum and Schedule Maximum (both of these latter benchmarks being "maintained" in last place among settled schools). Again, the Association's offer is clearly the better reflection of the status quo.

The Association concludes that its offer is preferable when compared to the primary comparables on the basis of change in the benchmark salaries. It more nearly maintains rank and produces much smaller differentials than does that of the District.

This conclusion is buttressed by a comparison of benchmark salaries which include the statewide settlement figures for each year. The Association's offer yields salaries which lag behind the state average, but create a smaller loss of relative position than does that of the Board.

Finally, the Association points to the historic ratios between the benchmarks in the District, and asserts that its offer better maintains the differentials than does the District's proposed freeze on increments.

By any measure, the Association argues, its offer is preferable when comparisons are drawn to other teachers.

3. The Interests of the Public

The Association discounts any effort by the District to claim that a unique hardship has been worked on area residents by troubles in the farm economy, justifying the award of a lower than normal offer. A wealth of arbitral

dicta exists for the proposition that troubles in a local economy will not overcome strong comparables, absent evidence showing that the economic woes serve to somehow distinguish that district from surrounding municipalities. Here, nothing appears in the record to suggest that the people of Cashton are better off or worse off than their neighbors. The District plainly has the ability to pay reasonable increases, and should be compelled to compensate its teachers in a manner and amount consistent with the area pattern.

4. Cost Of Living

The Association asserts that the cost-of-living is significant only when viewed through the prism of area settlements. Citing the familiar principle, the Association argues that the weight to be assigned the rate of increase in CPI depends upon the level at which other negotiators have settled. The CPI is constant across bargains and an arbitrator should grant it neither greater nor lesser significance than it has been given in other bargains. Any attempt to use the CPI figure as an abstract guide to a level of settlement will result in an Award reflecting neither the reality of settlement patterns nor the conditions of the labor market.

5. Overall Compensation

There is nothing in the overall compensation package, the Association maintains, that would justify the incredibly low offer of the Board. The teachers in Cashton do receive longevity payments, the Association acknowledges, and the longevity has been improved in this round of bargaining. The Association points out, however, that the District's teachers receive their longevity payments after twenty eight years of service, as opposed to about fourteen years of service in other districts. Thus the longevity benefit should have no bearing on the outcome of this arbitration.

In summary, the Association urges the adoption of its offer as a more equitable proposal for compensating career teachers, as it places a greater emphasis on maintaining competitive salaries for more experienced and highly educated teachers than does that of the Board. As the lowest salary offer in the comparables, the Board's proposal will render the salary schedule uncompetitive. Further, the Association claims uniform support for its proposal among the comparables. For all of the foregoing reasons, the Association asks that its final offer on wages be adopted.

B. The Position of the District

1. Comparables

The Board argues that the appropriate primary comparables for Cashton are the schools of the Scenic Bluffs Conference:

- Bangor
- Cashton
- Elroy-Kendall-Wilton
- Hillsboro
- Necedah
- New Lisbon
- Norwalk-Ontario
- Wonewoc-Union Center

All except Bangor and Cashton have settlements for 1988-89 and 1989-90.

The Board rejects the Association's attempt to use the schools of the Ridge and Valley Conference as comparables. While the three past arbitrations have not been consistent on the issue of comparables, the District notes that there has never been so strong a settlement pattern within the Scenic Bluffs schools at the time of an arbitration. Past arbitrators have apparently found a need to look beyond the conference only because settlement data within the conference was sparse. That is not the case this year, and the arbitrator can restrict himself to the conference and still find a reliable pattern.

The District claims that the Ridge and Valley settlements, which are primarily for the 1987-88 and 1988-89 school years, represent significantly different economic conditions than those presented for this contract term. 1987 was a very good year for Wisconsin's farmers, and the Ridge and Valley settlements reflect that fact, averaging \$377 per teacher more than the later settlements in the Scenic Bluffs Conference. Since the settlements were reached in the Ridge and Valley Conference, however, the drought of 1988 has considerably changed the picture for these rural school districts. It is well established in interest arbitration that a change in economic circumstances will justify disregarding an otherwise comparable settlement. While the District admits that the La Farge settlement in the Ridge and Valley Conference was reached in the face of the drought, it denies that the settlement represents any affirmation of the conference pattern. La Farge has been consistently below average in its salaries, and the settlement there can just as easily be seen as an attempt to catch up to the rest of the conference.

The Association's attempt to use statewide settlement data is also rejected by the Board. Statewide figures do not reflect local market conditions. While they may be admissible, they are of little persuasive value.

2. Salary Comparisons

The appropriate base year for benchmark comparisons is, the Board asserts, the 1987-88 contract year, since it represents the last voluntary settlement between the parties, and presumably reflects the agreement of both sides on an acceptable salary ranking within the conference. The benchmark comparisons yield the following:

Benchmark	1987-88	1988-89		1989-90	
	<u>Ranking</u>	<u>Board</u>	<u>Assoc.</u>	<u>Board</u>	<u>Assoc.</u>
BA Base	2	2	2	3	2
BA6	4	5	3	5	3
BA Max	5	6	3	6	3
MA Base	3	3	3	4	3
MA9	5	6	4	7	3
MA Max	6	7	7	7	5
SchedMax	<u>5</u>	<u>7</u>	<u>5</u>	<u>7</u>	<u>5</u>
Totals	30	36	27	39	24

As shown above, virtually every benchmark ranking will be changed, no matter which offer is accepted. Thus benchmark comparisons are inconclusive.

Salary increases per returning teacher in absolute amounts and percentages are another common basis for comparison. The averages for the conference, and under each offer, are:

Average for the <u>Conference 1988-89</u>	Board Offer <u>1988-89</u>	Assoc. Offer <u>1988-89</u>
\$1,487 +6.4%	\$1,179 +4.8%	\$1,646 +6.7%
Average for the <u>Conference 1989-90</u>	Board Offer <u>1989-90</u>	Assoc. Offer <u>1989-90</u>
\$1,579 +6.4%	\$1,200 +4.7%	\$1,691 +6.5%

While these figures do not appear to support the Board's offer, the District argues that the very generous longevity provisions of the contract make up for the facial inadequacies of its salary proposal. Three teachers will receive 15 years of longevity at \$240 per year. This \$3600 payment compares with maximums at other conference schools in the area of \$2,000. Six schools have maximums below \$1,000 for longevity, and six others have no

longevity at all. The generosity of the longevity program results in average salaries that exceed the conference average by \$705 and \$441 under the Board's offer. This advantage is extended when total compensation, including extended contracts and extra-curricular salaries, are considered. The Board's offer yields a total compensation rate which is the highest in the conference, exceeding the average by \$1,257 in the first year and \$1,046 in the second year. Thus comparisons of the actual compensation paid show the Board's offer to be well within the range of reasonableness.

3. Interests of the Public

The primary arguments in favor of the Board's offer focus on the interests of the public, and which offer most reasonably balances the desires of the Association's members for salary increases against the general public's desire for moderation in government spending.

First, the Board asserts that the taxpayers of the Cashton School District face serious economic problems, which dictate selection of the Board's lower salary offer. These problems flow from the farm economy and the drought of 1988.

The District is heavily dependent upon farming, and in particular dairying, as an economic base. The degree of farm dependency for southern Monroe County, where the bulk of the District lies, is greater than for many surrounding districts, which have a somewhat more diversified economic base. The economic woes of Wisconsin farmers are well cataloged in the University's report on the Status of Wisconsin Farming, 1988. 12.5% of the state's farms were considered "financially stressed" in 1987, before the disastrous drought of 1988. Even in the relatively more prosperous 1987 season, the Board notes, cash crop income declined for many area farmers.

With the severe drought of 1988, an average of 55% of the crops in La Crosse, Vernon and Monroe Counties were lost. Particularly hard hit were the feed crops, which are vitally important to the District's dairy farmers. The loss of these feed crops will cause a dramatic rise in the cost of feeding livestock, erasing any gains realized from milk price increases. The Wisconsin Department of Agriculture has predicted a loss of net income for farmers, and the federal government concurs in this prediction. This decline in farm income will, the Board argues, ripple out to the merchants in the District who are dependent upon the trade of farmers for their livelihoods. Taken as a whole, the Board claims, the condition of the farm economy in the wake of the drought will adversely affect virtually every taxpayer in the District.

The Board recognizes that its obligation goes farther than merely showing troubled economic conditions. The general principles of interest arbitration also dictate that the conditions be somehow distinguished from those prevailing in comparable school districts. The Board again stresses that it is arguably the most agriculturally dependent of the districts within the Scenic Bluffs Conference, and that Scenic Bluffs is more agriculturally dependent than the Ridge and Valley Conference. More to the point, however, the Board notes that the mean total income per return for 1986 was \$13,413 in the District. This is 16% below the average for the conference, and 8% below the average for the combined Scenic Bluffs and Ridge and Valley Conferences. The figures for 1987 are a mean income of \$15,084, which is 17% and 8.5% below the respective comparable groupings. The District's taxpayers simply do not have the same financial ability to support education as those in other districts, and the economic difficulties here are therefore distinguishable from those in the rest of the conference.

The balance between the interests of the teachers and those of the taxpayers should, the Board argues, be struck in favor of the taxpayers. The Association's offer will require a sizable tax increase for the District. The Board's offer gives a real wage increase of 2% in 1988-89 and 1.4% in 1989-90. The teachers are paid above the average for conference teachers, and will continue to enjoy above average salaries under the Board's offer. The salary levels are high enough to attract and retain competent teachers. Finally, the level of increase under the Board's offer exceeds the wage increases that District residents will receive over the contract term. All of these considerations argue in favor of the lower offer made by the Board.

4. Cost of Living

Both offers exceed the cost of living by a substantial amount. The Board notes that real income for District teachers has increased by at least 49% since 1980-81. This compares with Department of Labor information showing a real wage decrease in weekly earnings for hourly workers in 1988. Thus, cost-of-living considerations mandate selection of the Board offer.

5. Overall Compensation

The value of wages and benefits in the District was \$32,649 in 1987-88, as compared with \$30,788 for conference schools. This was the highest overall compensation in the conference. The overall compensation under the Board's offer will increase to \$34,659 in 1988-89, \$1,735 over the conference average. This will remain the highest figure within the conference. Plainly, the Board argues, there is ample support for the Board's position, and little to justify the Association's excessive demand for the highest overall compensation increase in the conference.

For all of the foregoing reasons, the Board asks that its offer be adopted.

C. The Reply Brief of the Association

Speaking first to the District's claim that the Ridge and Valley Schools are not appropriate comparables for Cashton, the Association points out that the District made exactly the opposite argument in a prior arbitration before Arbitrator Johnson, and that both Johnson and Arbitrator Malamud have agreed to a set of primary comparables for Cashton extending beyond the Scenic Bluffs Conference. Eleven arbitrators, faced with the issue of what schools were comparable to Scenic Bluffs schools, have used the Ridge and Valley Conference. In two other cases, some but not all Ridge and Valley Conference schools were added to the Scenic Bluffs comparables.

Noting that the District attempts to discount the Ridge and Valley Conference settlements as having occurred in a different economic climate, the Association raises the La Farge settlement. The La Farge school district and its teachers reached agreement on a 1988-89 contract at a \$1,802 per teacher increase in January of 1989. Those same parties settled their 1989-90 contract in April of 1989, at a level of \$1,594 per returning teacher. These settlements occurred after all of the economic cataclysms cited by the District and reflect the prevailing pattern claimed by the Association. While the La Farge school district was the lowest ranking school district among its comparables, the Association asserts that it will not retain that position if the District wins this case. The La Farge settlement is not distinguishable, as claimed by the District. Instead, it ratifies the pattern of settlements within area schools.

The claim of the District that the 1987-88 and 1988-89 settlements in the Ridge and Valley Conference demonstrate a declining labor market for teachers when compared with the 1988-89 and 1989-90 settlements in the Scenic Bluffs conference is simply untrue, argues the Association. The average for the Scenic Bluffs conference is lower than that for the Ridge and Valley only because two conference districts won arbitration cases, thus depressing the average.

The District's claims of local economic distress are dismissed by the Association, which notes that the District's levy rate is the 12th lowest of the 16 comparable schools. 1980 census data shows income levels near the top of the comparable districts, and a low poverty rate. Conceding that current data shows some erosion in that position, the Association argues that there is not nearly the volume of information required to overcome its uniformly favor-

able comparables. The district is not distinguishable from those settled districts in the rural areas surrounding it. There is no reason to exempt it from the pattern of settlements established in the relevant conferences and confirmed by the statewide data.

In response to the District's claims of good comparative salaries, the Association draws attention to the fact that district teachers have been recently compelled to teach an additional class period, without additional compensation. The work schedule is now the worst in the combined conferences, and this factor deserves consideration in arriving at a decision.

The Association concedes that longevity in Cashton is paid at a higher rate than in other districts. The Association qualifies this concession, however, by pointing out that longevity is costed in its salary figures, and that it takes much longer in Cashton to receive longevity than in comparable districts. The high average salary claimed by the District is also conceded to be a fact. The high average reflects a long service, well educated staff rather than a generous pay schedule.

D. The Reply Brief of the District

The District discounts the Necedah and La Farge settlements, noting that both districts pay far less for their teachers than does Cashton. The settlements in those districts can be seen as a response to the need to maintain some reasonable level of parity, regardless of economic conditions. These districts rank far below Cashton in any reasonable measure of compensation, and the settlements there are not supportive of the Association. The District again asserts that Cashton's teachers are the most highly compensated in either group of comparables, and some moderation is justified by this enviable status.

The Association is correct, the Board acknowledges, in its assertion that the Board must prove that the interests of the public support its final offer. The Board details five elements of proof established by arbitrators which are applicable in this case:

First, the District has proven that economic conditions have changed between the time of the Ridge and Valley settlements and the time of the Scenic Bluffs settlements. Thus the former are not persuasive comparables in this case;

Second, the economic data produced by the Board shows an appreciably lower income level in this district than in surrounding districts. This is a substantially different, and distinguishing, economic condition.

Third, the record demonstrates that taxes will increase under the Association offer, and will probably increase under the District's offer. This shows a direct impact on the taxpaying public of an adverse award in this case.

Fourth, the offer of the Board will not harm the District's teachers, since they are highly compensated already, and will realize real increases under the Board's position.

Finally, the District has proven that the low income levels of district residents, and the burden of the 1988 drought, show that they have a greater need for the potential property tax relief held out by selection of the Board's offer, than the need of the teachers for a higher wage increase under the Association offer.

V. Discussion

The determinative issues in this case are (1) what are the appropriate comparables; (2) how do the salary offers stand in relation to settlements in comparable districts; and (3) do economic conditions within the District serve to distinguish it from other rural districts in the area so as to justify a more modest salary settlement? The other statutory factors have been considered in arriving at this Award, but none has sufficient force to overcome the central issues identified above.

A. The Appropriate Comparables

The argument over primary comparables in this case is apparently an extension of a generalized dispute within this conference. The Association points to four other Awards in this round of bargaining in the Scenic Bluffs Conference which treat the identical issue, with the Boards arguing for a review limited to schools within the Scenic Bluffs Conference, and the Associations drawing in the schools of the Ridge and Valley Conference. The undersigned is persuaded that the Association has the better of this argument. This is not because other cases in the conference have yielded such a conclusion. Rather, it is premised upon the principle that primary comparables, once established, should not be lightly discarded.

The Board and the Association are no strangers to arbitration. This is the sixth time an interest arbitrator has been selected by the parties, and the fourth award involving Cashton. In the most recent award, issued three years ago, Arbitrator Malamud reviewed the previous Cashton decisions of Arbitrators Johnson and Gundermann on the appropriateness of using schools drawn from the former Scenic Central Conference (now divided into the Scenic Bluff Conference and the Ridge and Valley Conferences) as

primary comparables. He concluded that this was the most appropriate grouping. Contrary to the District's arguments, there is nothing in the Malamud Award, nor either of the prior Awards, to suggest that the inclusion of the Ridge and Valley schools was an act of desperation in the face of a lack of Scenic Bluff Conference settlements. If such were the case, Arbitrator Malamud would not have engaged in the exercise, since he concluded that even the expanded grouping lacked sufficient settlement data to discern a reliable pattern. On the contrary, the lengthy and lucid discussion of comparability in Arbitrator Malamud's Award was plainly directed at settling the issue of what the District's primary comparables would be for the purpose of arbitration.

Once a set of primary comparables is identified, the parties have a right to rely upon it in the future. The stability of labor relations demands that the points of reference for bargaining be relatively fixed. This is particularly important for parties such as these, who have frequent recourse to the procedures of Section 111.70. Certainly the comparables may evolve as the grouping which identifies them evolves. Schools are added to athletic conferences, while others are dropped. Stability of labor relations does not require that changing circumstances be disregarded, or that communities which over time become wholly dissimilar continue to influence bargaining. A substantial change of circumstances, however, must be proven in order to accomplish the wholesale change urged by the Board in this case.

The Board argues that the changed circumstance justifying its effort to discard the Ridge and Valley schools is the drought of 1988. This event came after most of the settlements in that conference, and thus it is argued that economic times have changed sufficiently to warrant a change in the comparables. The undersigned disagrees with the proposition that this should change the array of comparables. Not to put too fine a point on it, but what the Board is attempting to do is to distinguish the settlements, rather than the schools. The Ridge and Valley Conference schools remain comparable to those in the Scenic Bluff Conference. If the District's argument concerning changed economic times is accurate, the weight of the settlements is diminished in the process of comparing salary schedules and levels of increase, but the comparisons must still be made.

The schools of the Scenic Bluff Conference and the Ridge and Valley Conference are demographically similar, geographically proximate and have historically been considered the primary comparables for Cashton. This grouping will form the basis for the primary comparisons in this case as well.

In addition to the combined conferences, the Association urges the use of statewide settlement data, citing the revisions in MERA which removed the requirement that comparison be restricted to "comparable" communities. The undersigned has discussed this matter in other awards, most recently in Marathon City School District:

"As the Association correctly notes, the statutory changes in MERA evince a legislative intent to broaden the comparisons between like employees that might be drawn in interest arbitration proceedings. The change in criterion "d", however, must be read in a manner consistent with the overall purpose of the statute, which is to promote "voluntary settlement through the procedures of collective bargaining." A necessary element of successful bargaining is predictability, which in turn requires stability in the set of schools to which one looks for guidance in negotiations. Resolving the apparent tension between the legislative mandate to broaden the comparability groupings and the practical need for well-defined points of reference requires that arbitrators realistically weigh the likely impact of a settlement on the bargaining decisions of the parties."

* * *

"Finally, there are environmental influences on the bargain to which comparisons may be made. Statewide averages would fall into this category. These do not reflect the immediate labor market conditions in an area, nor are they sensitive to the peculiarities of politics and economics within a district. They are, however, part of the broad context of bargaining. Negotiators and arbitrators are aware of the parameters drawn about the state, and of the trends that develop from year to year. Further, the labor market for professional employees such as teachers is to some degree a statewide market. Statewide averages may take on additional significance when cited to show a consistent pattern to which a conference stands in lone opposition. In that case, the averages are more complete, and may disclose that one offer or the other is well out of the mainstream. Even in that case, of course, statewide averages will not overcome inconsistent information drawn from more specific sources." Dec. No. 25800-B, at pages 13-16.

While the statutory change broadens the scope of comparability, it does not eradicate the principles upon which it based. The change recognizes that all school districts in the state, and all teachers, are somewhat comparable. The degree of statewide regulation and state funding of schools, as well as the

substantially similar basic demands of the profession across across the state, all point to a certain standardization of issues and environment in school bargaining, and a common labor market for teachers. To this extent, it makes sense to draw upon statewide data in making decisions about the appropriate level of increase for wages. On the other hand, statewide comparisons have no sensitivity to local economic and political conditions which may dramatically affect the outcomes of bargaining in a given year. To the degree that arbitration is intended to yield the result most closely approximating a voluntary agreement, statewide data is not helpful. It does not reflect the regional pressures and opportunities that shape settlements in a given area. Thus, while statewide data is relevant as a matter of statute, its persuasive value is less than that of more localized settlement information.

B. Comparisons

The Board candidly admits that benchmark comparisons and a review of the relative increases in either salary dollars or percentage terms are not helpful to its position, even when these comparisons are limited to the Scenic Bluffs schools. The record evidence confirms the Board's belief. In terms of salary dollars per returning teacher, percentage increase in salary, total package increase and percentage package increase, the Association's proposal is more consistent with the settlements in comparable districts. The average salary increase for comparable schools in 1988-89 was \$1,667. The Association would increase Cashton's teachers by \$1,650, while the District offer pegs the increase at \$1,184, the lowest of any school in the primary comparables. The average package increase is \$2,333, while the Board's offer, at \$1,970, is the second lowest in the comparables. The Association, at \$2,526, would realize the fourth highest increase in per teacher package cost. Assigning percentages to these increases yields pretty much the same result, with the Association's offer reflecting the average or slightly above, and the District's substantially below the average.

In the second year of the agreement, only half of the schools in the comparability grouping have reached agreement. The averages, however, show much the same result as in the first year of the contract, with the Association again slightly above the average and the District well below. These same results are realized in both years of the contract, with slight variation, whether one compares to the combined conferences or to the Scenic Bluffs data alone.

The Board argues that the weakness displayed by its offer when traditional comparisons are made is offset by the strength it displays when considera-

tion is given to its longevity program, and the resultant high average salaries enjoyed by District teachers. Accepting that the average salaries are higher in Cashton than in surrounding districts, the undersigned must agree with the criticism directed at this argument by the Association -- that is that the average salary does not result from the strength of the salary schedule, but from the age and education of the faculty. Over half of the District's teachers are at the top step of their columns, and this will naturally yield a higher average salary. However they were first achieved, the higher than average salaries in Cashton are an accomplished fact, and the more relevant question is whether the adjustment of those salaries under each offer is consistent with the trend on average salaries in other Districts. Reviewing only the District's data (page 52 of the District's brief), it is plain that the District's offer increases the average salary at a rate some 2.5% below the increase in average salaries over the contract term (4.8% and 4.7% for the Board offer vs. 6.3% and 5.8% on the average for Scenic Bluff schools) , while the Association's offer exceeds the average rate of increase by 1% (6.7% and 6.4%). The differential between average salaries in the District and the Scenic Bluffs Conference is reduced from 104.31% in 1987-88 to 101.64% in 1989-90, while the Association's offer increases it to 105.19% over the same term. An analysis of total salary levels shows the same outcome.

The mere fact that absolute levels of compensation are higher or lower in one school than another does not allow a party to take credit for the difference to justify its offer in one bargain. Just as the catch-up arguments of teachers often meet with the response that the relative salary levels are the result of voluntary agreements and not subject to relitigation (see Arbitrator Petrie's award in Ripon School District, Dec. No. 20103-A, cited at page 48 of the District's brief), so the District's desire for a low rate of increase based upon a superior overall level of compensation is frustrated by the fact that the superior level of compensation results from past bargains, and those contracts, absent substantial justification, are not subject to rewriting in this proceeding..

The final offer of the Association is the more reasonable when measured against the salary settlements reached in comparable districts.

C. Interests and Welfare of the Public

The Board strongly asserts that its offer is the more reasonable when consideration is given to the interests of the public. Although no public body can argue that it lacks the ability to pay increases, since the power to raise taxes is always present, there is a strong line of arbitral precedent for the proposition that a municipality may prove that it should not be expected to match increases granted elsewhere. This requires proof of economic

circumstances which distinguish the municipality from what would otherwise be considered its comparables. Such proof is lacking in the record.

The undersigned has no doubt about the serious effects of the drought of 1988 on the agricultural sector in Wisconsin. The loss of crops has and will adversely impact every community dependent upon farming and dairying. Along the same lines, there is no question but that the District is heavily dependent upon agriculture for its economic base. There is also no question, however, but that the comparable schools of the Scenic Bluff and Ridge and Valley Conferences are all in pretty much the same economic boat as the Cashton Schools. All of the districts are agriculturally based, and all have experienced the same difficult weather as has afflicted Cashton.

The Board asserts, however, that the impact of the drought was not realized in the Ridge and Valley Schools prior to their settlements, and thus those schools must be eliminated from consideration if the interests of the public are to be balanced in light of economic conditions prevailing this year. The undersigned agrees with the general principle that second year settlements are not terribly reliable predictors of voluntary settlements in a volatile economic climate, and that it why the bulk of the comparative analysis in Section "B" was conducted using the District's data. As discussed above, however, the offer of the Association is preferred under both sets of comparables. Thus the Board is still faced with the task of distinguishing itself from the other districts which, though hard-pressed by the same economic times as Cashton, still managed to generate settlements in excess of that sought by the District.

The sole basis on which the Board would distinguish Cashton from other rural districts in the area is the relatively low income levels in the District. The 1986 and 1987 mean total income figures for District residents are \$13,413 and \$15,084, respectively. These figures are indeed below the average for the overall conferences. However, two districts, including La Farge, which reached agreement in the current climate have lower income levels than Cashton for 1986 and 1987. Moreover, the income averages are somewhat distorted by the inclusion of Necedah, where average income exceeds the next highest district by over \$3,500 in 1987. Without the distorting influence of that district, the average drops to \$15,865 in 1987, or some \$780 more than the average for Cashton. While low relative to some schools, the income levels in Cashton are not so low as to suggest that it was appreciably more vulnerable to last summer's drought than most other schools in the area.

Absent a contrary trend among its comparables, the District could make a good case for an increase at a level below the general going rate, based upon the drought and some of the persistent economic problems faced by the agricultural sector. Those factors, however, form part of the environment for bargaining in all area schools, and were presumably weighed by other negotiators and arbitrators as the pattern of settlements was established. The balance struck in comparable districts, faced with nearly identical problems and resources, is the most persuasive evidence of the appropriate response to the competition between the need for adequately compensating teachers and the need to moderate public spending in difficult economic times.

VI. AWARD

On the basis of the foregoing and the record as a whole, and after full consideration of each of the statutory criteria specified in Section 111.70(4)(cm)7, the undersigned has concluded that the final offer of the Cashton Education Association is the more reasonable proposal before the Arbitrator, and directs that it, along with the stipulations of the parties, be included in the 1988-89 and 1989-90 collective bargaining agreement

Signed and dated at Racine, Wisconsin this 9th day of August, 1989:

Daniel Nielsen, Arbitrator