

STATE OF WISCONSIN
BEFORE THE ARBITRATOR

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WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In The Matter of an Interest Arbitration	:	
between	:	Case 18
	:	No. 46280
PECATONICA AREA SCHOOL DISTRICT	:	INT/ARB-6144
and	:	Dec. No. 27090-A
	:	
PECATONICA TEACHERS EDUCATION	:	
ASSOCIATION	:	

Appearances:

Robert W. Butler, Staff Counsel, Wisconsin Association of School Boards, appearing on behalf of the Pecatonica School District.

Robert J. Taylor, Negotiations Specialist, Wisconsin Education Association Council appearing on behalf of the Pecatonica Teachers Education Association.

Background

The Pecatonica Teachers Education Association, hereafter the Association, and the Pecatonica School District, hereafter the District, have been parties to a collective agreement the terms of which expired on June 30, 1990. In March, 1990 the parties exchanged initial proposals on matters to be included in a new collective bargaining agreement. Thereafter, the parties met on several occasions and failing to reach an accord, the District filed a petition on September 6, 1991 with the Wisconsin Employment Relations Commission to initiate interest arbitration. After duly investigating the dispute, the WERC certified on November 26, 1991 that the parties were deadlocked and that an impasse existed. On March 10, 1992, pursuant to Section 111.70(4)(cm)5 the parties executed a voluntary impasse procedure. The impasse procedure consisted of binding interest arbitration and relied on the same

criteria set forth in 11170(4)(cm)7. The undersigned was appointed by the parties as arbitrator and empowered only to select one party's final offer or the other party's final offer in its entirety.

On March 11, 1992 a hearing was held in Blanchardville, Wisconsin at which time both parties were present and afforded full opportunity to give evidence and argument. No transcript of the hearing was made. Post hearing briefs were received by the arbitrator and only the Association chose to submit a reply brief.

Final Offers of the Parties

District's Final Offer

1990-91

BS Base: \$19,000

No Change in Salary Schedule Structure

Employer Pays 100% of Health Insurance Premiums

No Change in Credit Attainment

1991-92

BS Base: \$20,040

No Change in Salary Schedule Structure

Employer Pays 95% of Health Insurance Premiums

No Change in Credit Attainment

Life Insurance to One Times the Annual Salary to the Next \$1,000.

Union's Final Offer

1990-91

BS Base: \$19,300

Retain Current (7 Lane) Salary Schedule Structure

Extra-curricular Schedule Changes as Follows:

Add FBLA & Art Advisor @4% (New Positions)
Increase FHA Advisor to 4%
Increase First Assistant Forensics to 4%
Increase Second Assistant Forensics to 3%
Increase Driver Ed: \$10.50 per hour

1991-92

BS Base: \$20,400

Add BS+30 Lane

Board pays 97% of Health Insurance Premium

Five years for Credit Attainment: (.i.e. delete Article IX, Section A, Line 7; delete "four" and insert "five" in Article IX, Section B, Line 23 of the 1988-90 contract)

Above Extra-curricular Schedule Changes Remain As Is

Statutory Criteria

As set forth in Wis. Stats. 111.70(4)(cm)7, the Arbitrator is to consider the following criteria:

- A. The lawful authority of the municipal employer.
- B. Stipulations of the parties.
- C. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- D. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.
- E. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.
- F. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the same community and in comparable communities.

- G. The average consumer prices for goods and services, commonly known as the cost-of-living.
- H. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- I. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- J. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties in the public service or in private employment.

Positions of the Parties

The District's Position

The District centers its position on the contention that current economic and political realities dictate moderation in any salary and fringe benefit increases. According to the District, "fiscal restraint is the watchword." In this regard, as it concluded its arguments, the District maintained, "In summary, the District believes that the interest and welfare of the public criterion is the most important criterion in the proceeding."

While it denies it is building its case on ability to pay considerations, the District poses the arbitration as a choice between potential tax relief for a hard hit farming community and increased spending on teachers' salaries and benefits. In support of the premise that the District's farmers do not have the ability to pay tax increases the Board raises the following points: (1) there has been a substantial drop in farm income in 19991-92 as raw milk prices have declined and many dairy farmers have gone out of

business; (2), the U.S. is in recession as indicated by sluggish economic growth, increased unemployment and rising business failures; (3), while lagging the national recession, the District also argues that the State's economic health is precarious and its citizens are clamoring for tax relief; (4), the political climate in Wisconsin is uncertain as exemplified by the legislative debate over school district cost controls.

In support of the position that economic and political "realities" call for fiscal restraint the District cites some seven arbitration awards. Among others, these include Adams-Friendship School District, Dec. No. 25586-A, 1/89 (Arbitrator Edward Krinsky); Kansasville School District (Dover #1), Dec. No. 25329-A, 1/89 (Arbitrator Gil Vernon); and Village of West Salem (Police), Dec. No. 26975-A, (Arbitrator David Johnson).

The District's main arguments for each of the individual issues in contention are placed within the context of the criterion of public interest and welfare.

Salary Issue: On the one hand, the District argues that total compensation not salary should be the measuring rod to determine the fairness of the parties' offers. This is justified, in part, by the high increases in the cost of health insurance which have occurred over the past five years; and, in part, to understand the "true economic impact" of each party's offer. The District would therefore have the undersigned reject the use of benchmark rankings and other methods using a salary only approach. As arbitral authority, the District cites a long list of awards in which the

arbitrators apparently have favored total compensation.

Employing total compensation as a standard, the District claims that its offer is more in line with settlements among comparable school districts. In this regard, it observes that the Board offer is \$155 per teacher above the Conference average over the two year period of the Contract. According to the District's calculations the Association's offer would be \$1,190 above the average.

The District also contends that the Association has made no substantial offer of a quid pro quo to justify the magnitude of the increase it is demanding.

On the other hand, even if the analysis is limited to salary only, the District still argues that it should prevail. It maintains, first of all, that it has "front loaded" its salary offer in anticipation of possible cost controls. This benefits teachers more so than if the increases were evenly spread across the two years off the contract.

Second, looking at Conference salary settlements the District finds that its salary per teacher offer for 1990-91 of \$2,045 (8.4%) compares more favorably with the Conference salary settlement average of \$1,903 (7.3%) than the Association's offer of \$2,527 (10.1). For 1991-92 the comparable figures as calculated by the District were \$1,970 (7.1%), \$1,957 (7.4%) Conference and \$2,180 (7.9%) for the Association.

Third, the District's salary schedule benchmark analysis suggests that the Board's offer is superior to or closer to settlement averages than the Association's offer on 28 of 28 dollar

and percent increase comparisons. In addition, the District also states that its ranking by benchmarks also improves under the Board's salary offer.

Fourth, applying the statutory criterion of cost of living, the District maintains that its salary offer is twice the rate of change in the consumer price index for the contract period. It observes that since 1980-81 the District's teachers will have experienced large real income increases. Further, says the District, when inflation currently is running between 2.7 and 4.0% the Association can not justify offers of 10.1 and 7.9 percent. The Board concludes with the contention that the cost of living criterion should receive more weight "due to the precarious economic environment."

Finally, the District contends that the Association's proposal for a "catch-up" increase should be rejected. Here again, the District seeks to back up this position with an enumeration of arbitrators who apparently have not found favor with catch up arguments.

Moreover, in the opinion of the District, giving weight to catchup arguments would require the Arbitrator to rewrite bargaining history by granting inordinately large increases in back to back years.

Addition of BS+30 Lane: The central arguments of the District on the question of structural change in the salary schedule can be summarized as follows. First, Conference patterns reveal only four of nine districts with BS+30 lanes and therefore the patterns do

not support the Association's position. Second, the inclusion of the new lane will reduce the incentive to obtain the MA degree and exit the BA lane. Third, the current structure was achieved through mutual agreement, has persisted through many negotiations and therefore should only be changed through bargaining. Fourth, and perhaps most important among the District's arguments, is that the Association has not met a proper test to justify a change in the structure's status quo. Here it suggests as appropriate the three-pronged test of Arbitrator Daniel Nielsen, Manitowoc School District, Dec. No. 26263-A, 6/90: (1) there is need for change; (2) the proposed language meets the need without imposing an undue hardship on the other party; and (3), there has been a quid pro quo offered of sufficient value to the other party to buy out the change. The District asserts that the Association has not met any part of the "Nielsen Test" in order to justify a the change in the status quo which it seeks.

Health Insurance: Characterizing this as an economic issue, the District sees this question as one of health insurance versus salary and other negotiation items. First, it contends that if the Board is to move toward competitive salaries the District must have competitive employee contributions. Second, also argues that the Board's position is favored by the patterns of employer paid health insurance prevailing in the Conference. Offered as an example, was the calculation that in 1991-92 the Conference average was an employer payment of 95% of the premium cost. In addition, five of the eight conference schools required employee contributions and in

1992-93 a sixth, Monticello, will move from 100% to 95% employer paid premium.

Third, the District points out that health insurance costs have skyrocketed in recent years and there is now a great need for the District to hold the line.

As a final point on this issue, the District argues that the Association's proposal of a 97% employer contribution as a quid pro quo for its compensation offer is not a realistic tradeoff. In exchange for reducing the District's health care expenses in 1991-92 by \$4,636 the Association would receive \$43,435 more in total compensation.

Extra-curricular Pay Schedule: The District contends here that the Association's proposal will change the weight and importance placed on other extra-curricular positions. Such changes, says the District, should be reached by mutual agreement through collective bargaining.

Credit Attainment: Labeling the Association's proposal to change the language of Article IX as a "step backward," the District professes an inability to find a correlation with State mandates. Licensure was not the intent of the language of this article. Rather, contends the District, the orientation was pro-education and the intent to force teachers to work towards the completion of the MS degree. The District also asserts that there is no need for this change and no quid pro quo offered to "buy out" the current language.

The Association's Position

The Association makes the following arguments:

Salary: The Association's objective is to move to the mid-point of the Conference and thereby regain ground that it lost over the last ten years. It contends that an historical analysis demonstrates that in 1982-83 it was at the midpoint of most salary schedule benchmarks but by 1987-88 the Association's members had slipped to 8th place.

The Association also argues that the Board offer would "inch" the District ahead of Juda, "possibly ahead" of Monticello and "millimeter" Pecatonica ahead of Argyle at the MS Maximum level. It would not, however, alter the 1989-90 Conference rank at any other benchmark. It adds that its own offer is moderate and only "slightly better" than that of the District.

Further, the Association challenges the District's salary data characterizing it as "incomplete" and flawed by omissions and deception. It is asserted, in this regard, that Table III (Board's Brief) lacks data on Conference districts Albany, Barneveld and Belleville for 1990-91 and Barneveld for 1991-92. In similar vein, the Association points to Table VI (Board's Brief) on average salaries as reporting only five of eight Conference settlements in 1990-91 and three of four for 1991-92.

BS+30 Lane Addition: According to the Association, salary structure change is a perennial issue between the parties. The Association's position is that this is a quid pro quo for the Association's concession that teachers contribute some portion of

the cost of the health insurance premium. "Giving up 100% employer health insurance premium payment was not only painful," says the Association, " but was done in the give and take spirit of collective bargaining."

It also argues that the addition of a BS+30 lane would help both with salary "catch-up" but also make the District more competitive. With regard to the latter point, the Association contends that Pecatonica is the only district in the Conference with seven educational lanes. It adds, four districts already have BA+30 lanes.

On the one hand, citing Albany, 3-22-91 (Arbitrator Martin Wagner) and Juda, 3-30-88, Arbitrator Sharon Imes), the Association also argues that there is arbitral support for its position on salary structure change. On the other, it argues that the District offers no evidence for its status quo position but rather is engaged in a strategy of "defense by omission."

Health Insurance: Here the Association argues, first, that it has offered to pay three percent of the cost of the premium as the concession for the educational lane addition. Second, it contends that there is no common practice in the Conference for an employer payment of either 95% or 97%. In fact, the Association maintains that most the frequent Conference pattern is 100% payment.

Third, the Association asserts that the level of benefits paid by the District is "substandard." It points out that the District pays "only" 80% of the physician charge, doesn't cover routine

physical examinations and pays only 20% of dental premiums.

Fourth, in view of what it labels as substandard benefits, it is unfair for the District to expect the Association to pay the entire health insurance premium increase of 4.78% for 1990-91. It is the Association's view that absorbing three percent is a fair compromise.

Finally, it disputes the District's contention that the latter's offer of a new benefit of District paid life insurance is a fair trade off for cost sharing on health insurance.

Extra-Curricular Pay Schedule: The Association seeks the addition of two new extra-curricular positions, Future Business Leaders of America (FBLA) and Art Advisor, in addition to increases in pay for four other positions. The FBLA position is justified on the basis of needs that grow out of the addition to the curriculum of a new entrepreneurship course. The Art Advisor is made necessary, argues the Association, by increases in Art Club membership and two weekend art shows.

Pay increases for the other four, likewise, would be a consequence of increased duties, increased club membership and comparatively low pay. These increases, maintains the Association, are important for equity and morale.

Credit Attainment Revision: the deletion of old language and the addition of new in Article IX of the Master Agreement would allegedly bring the District into alignment with State of Wisconsin mandates. This would require teachers to acquire six credits every five years and would apply to all teachers equally. Moreover,

eliminating the three credit maximum per semester rule would allow an individual to take 2 two credit courses per semester or one four credit course.

Association's Application of Statutory Criteria: The Association focuses most of its arguments on two of the criteria in 111.70 Wis. Stats.: the ability to pay/public interest of Section C; and the comparability criterion of Section D. Excluding for the moment the matters of "comparables", it is appropriate to recount briefly the Association's position on Section C.

First, the Association contends that the District does not lack the ability to pay. As evidence, the Association notes that the District enjoyed an end of fiscal year fund balance of more than one million dollars, that its property taxes were up and that its state aid increased 13.52% in 1990-91 and 12.01% in 1991-92.

Second, the Association labels as a "bogus" issue, uncertainty around state cost controls and levy limits. In fact, the Association observes, the Budget Repair Bill increased state aid by \$93,000,000 in fiscal year 1991-92 with no cost controls or levy limits.

Third, the Association contends that the Board has not proven that Pecatonica taxpayers are more severely affected by the current economic slowdown than any of its neighboring districts.

Finally, it also points out that taxes have already been levied for the Agreement in dispute here and that the District incurred an increase in tax income for this period.

In sum, the Association concludes that the District is not on

the "edge of financial ruin". Either of the parties' offers can be paid without raising taxes, asserts the Association, or jeopardizing the fiscal health of the District.

Discussion

Costing Issues

By separate stipulation the Parties have agreed that the cost of their respective offers is the following:

	<u>1990-91</u>		<u>1991-92</u>	
	Percent Increase			
	Board	Union	Board	Union
Salary Only	8.4	10.1	7.3	7.9
Salary & Longevity	8.6	10.1	7.3	7.9
Total Compensation	9.2	11.0	6.2	7.2

The average salary plus longevity for the District in 1989-90 was \$25,074.74. The Association's offer would raise the average to \$27,600.77 for 1990-91 and \$29,780.99 for 1991-92. In the latter contract year the average salary would also increase as a result of the Association's proposal for the addition of a BS+30 lane.

The Board's offer would raise the average teacher's salary to \$27,171 in 1990-91 and to \$29,088.96 in the second year.

The difference in cost between the Parties' salary offers is \$15,659 in 1990-91 and \$25,259 in 1991-92. In terms of total cost the difference is \$22,078 in 1990-91 and \$37,815 in 1991-92.

Comparables

The Parties agree that the school districts comprising the District's athletic conference, the State Line League, are an appropriate set of comparison schools. In 1990-91 the members of

the Conference and their respective enrollments were as follows:

State Line League
1990-91

<u>District</u>	<u>Enrollment</u>
Albany	430
Argyle	328
Barneveld	304
Belleville	584
Black Hawk	625
Juda	276
Monticello	418
New Glarus	608
Pecatonica	471
Average	449

Evaluation of the Impasse Issues

Salary

The District offers a BA Base salary of \$19,000 for 1990-91 and \$20,040 for 1991-92. The Association proposes \$19,300 and \$20,400 for the same time period. As discussed above, the Board's offer would constitute an increase in salary only of 8.4% for the first year of the contract and 7.3% the second. The Association's offer would generate 10.1% and 7.9% salary increases over the same two years.

Statutory Criteria

Ability to Pay/Interest and Welfare of the Public: There is no disagreement between the Parties concerning the District's ability to pay either of the final offers. The disagreement arises, instead, from the Employer's contention that acceptance of the Association's final offer would not be in the public's interest. The District argues that the area covered by the Pecatonica School District has a high proportion of farmers who are

hard hit generally by the national recession. The District also points to the fall in milk prices, asserting that the dispute comes down to a choice between tax relief and the teachers' salary increase as proposed by the Association.

Counsel for the District has inserted into the record a voluminous collection of newspaper clippings, farm reports and government studies. The Arbitrator is persuaded that the national economy has suffered a significant economic downturn and that the agricultural sector has been particularly hard hit.

Having raised the public welfare as a defense for the salary it has proposed, the District, however, carries an evidentiary burden which requires it to meet the following tests: (1) it must clearly show that the District itself has been significantly affected by these general adverse economic trends; and (2), that the District has suffered disproportionately more than comparable school districts.

Reviewing the record, the Arbitrator concludes that the District has failed this burden. To allege that the District's economy is in serious economic trouble requires more than generalities, speculation and inferences. Even if true, the District must also show that there is a sound basis to treat it differently from those districts with whom it shares otherwise common characteristics including size, geographic location and similarities of industrial and labor force mix. On the contrary, Board Exhibits #6, 7, 8 and 9 reveal the District's attributes to be very much like those of the other members of the State Line Conference. For example,

Pecatonica's levy rates are slightly lower than the Conference average; its equalized value is slightly less; its state aid per pupil is slightly more; and its change in valuation per pupil for 1990-91 is also slightly in excess of the Conference average. On the other hand, the mean taxable income for 1990 was below the average.

Whether above or below the average, however, the differences all group closely around the mean. Thus, there is little in the record to justify singling Pecatonica School District out for special treatment not accorded to other Conference districts.

The District further asserts that there is a great clamor for tax relief. The Arbitrator also does not doubt this conclusion. However, we must ask again whether this clamor is any greater in Pecatonica than in any of its sister districts. The Board adduces no evidence to support the premise that it differs from the Conference norm in any way. Without a conclusive showing to the contrary, therefore, the undersigned must conclude that interest in or need for tax relief is no different in Pecatonica from any of its neighboring school districts.

In short, the undersigned does not find the criterion of the public interest to be determinative of the outcome of this dispute.

Cost of Living Criterion: The District contends that its salary and total compensation offers far exceed the changes in the cost of living during the contract years in question. Data drawn from the U.S. Bureau of Labor Statistics' Consumer Price Index show that both offers provide no loss of purchasing power for the District's

teachers.

As the Parties demonstrate, arbitrators do not speak with a unified voice when considering cost of living criteria. For some time, however, the undersigned has accepted the principle that voluntary settlements are the best indicator of the weight to be given to cost of living criteria. The Arbitrator hewed to this principle when the rate of inflation significantly exceeded voluntary settlements and will continue to do so when price changes are relatively low. It serves neither the process of dispute resolution nor the parties themselves to apply these principles inconsistently or expediently.

The Arbitrator, having considered the cost of living criterion, concludes that the dispute must turn on other factors.

Comparability with the Wages, Benefits and Working Conditions of Municipal Employees Performing Similar Services: The Association argues that its members' salaries have been eroded since the early 1980's, dropping them from the mid-point of the Conference to the bottom. Hence, the Association is attempting to regain its earlier salary position. It claims its salary offer to be moderate and only slighter better than that of the Board. The Association also asserts that the Employer's data is flawed by omissions and deceptions, particularly as this relates to the District's use of partial settlement material for both 1990-91 and 1991-92.

Under the best of circumstances the evaluation of divergent salary claims is a problematic task. Salary and total compensation data often obscure more than they illuminate. As illustrated

concretely by the instant case, the object seems to be to bury the arbitrator under a deluge of "facts" which at best may be irrelevant and at worst misleading and deceptive. As is typical of an adversary process, "facts" are often manipulated or omitted without explanation in order to enhance the positions of the advocates.

Were he given the opportunity, the Arbitrator would place great weight on such concepts as total compensation or total package cost to evaluate the reasonableness of the Parties' offers. The cost to the Employer as well as value to the employees goes beyond the matter of salary only. This is especially true today given the typical size of fringe benefit packages and the current cost of such specific benefits as health insurance.

In the instant dispute the District seeks to bolster its case by introducing total compensation data. Unfortunately, as the Association points out, the data presented by the District are incomplete for both 1990-91 and 1991-92. Thus, the District, in its Tables II (Board's Brief[BB] p.12), III (BB p.21) and IV (BB p.22) omits three of the eight Conference settlements for 1990-91 and one of the four settlements for 1991-92. Despite the fact that the information is available, there is no explanation for its exclusion. Under the circumstances, the Arbitrator is not inclined to give the District's total compensation or salary settlement data much merit.

It is equally unfortunate that the Association itself chooses to submit no total package or compensation data of its own. It

limits its data and arguments almost totally to dollars per returning teacher (AX 8) and salary benchmark analysis (AX 9 and 10).

Confined to the salary data at hand, the Arbitrator's analysis is presented in the following table.

Dollars per Returning Teacher						
Salary Only						
	<u>1990-91*</u>		<u>1991-92**</u>		<u>1991-92***</u>	
	<u>\$ PRT</u>	<u>% PRT</u>	<u>\$ PRT</u>	<u>% PRT</u>	<u>\$ PRT</u>	<u>% PRT</u>
Conference Ave	\$1,943	7.72%	\$1,892	7.11%	\$1,994	7.15%
Association	\$2,342	9.30%	\$2,187	7.90%	\$2,187	7.90%
Board	\$1,860	7.37%	\$1,914	7.06%	\$1,914	7.06%

* No Data for New Glarus

** Four Settled Districts

*** Settled Districts Plus Education Association Final Offers

Using the seven districts for which data is provided for 1990-91 we find that the District's salary offer, as measured both by dollars and percent per returning teacher, is closer to the norm for the Conference. The Association is approximately \$400 above the average while the District is about \$83 below. A similar pattern is observable when the differences above and below the Conference average are calculated for the percent per returning teacher.

Turning to 1991-92, the fact that only four of nine districts had settled at the time of the hearing for this case required two methods of analysis. The first approach computed the average dollar and percent return for the settled districts. This method

reveals that the District's offer is closer to the average of Conference for 1991-92 than is that of the Association.

The second method incorporates both settlements and education association final offers. Thus, while it is more complete it is also less reliable as a predictor of the ultimate dollar and percent outcomes for the Conference. The results are the same, however, with the District's offer still closer to the average than that of the Association.

Next, salary benchmark data provided by the Parties is in the following table.

Salary Structure Benchmark Ranking
Pecatonica Area School District
1982-82 to 1991-92

		BA Base	BA7th	MA Base	MA10th	MA Max	Sch Max
1982-83		5	8	6	5	4	4
1983-84		6	8	6	4	4	5
1984-85		8	8	7	6	5	7
1985-86		8	8	7	6	5	7
1986-87		8	8	9	7	6	7
1987-88		8	8	8	8	8	9
1988-89		8	8	8	8	8	9
1989-90		8	8	8	8	8	9
1990-91	PEB	8	8	7	7	8	9
	PEA	6	8	7	7	7	8
1991-92	PEB	6	7	6/7	6/7	6/7	8
	PEA	5	6	3	4/6	1/3	5/7

Source: AX #3, 9

The above table indicates that the Board's offer would move the District up a bit in 1990-91 while the Association's offer would create slightly more upward movement. The second contract year shows a much greater change in the benchmark rankings with the Association's offer moving Pecatonica's teachers much closer to,

and in some benchmarks, beyond the mid-point of the Conference. For example, using 1989-90 as a base, ranking on the BA Minimum would rise from 8 to 5th place; at BA 7th step from 8th to 6th; at the MA Base the District would move up from 8th to third position; at the MA10th step from 8th perhaps to 4th depending on the selection of other Conference members' final offers; and possibly all the way to number one for the MA Max step. These are all lanes in which the District ranked "a solid eighth" as the Association notes.

The Board's salary offer for 1991-92 would also move the District up in the benchmark rankings but less radically. In most instances the District's offer would move the teachers up from eighth to six or seventh.

The Association is engaged in a catchup effort as the salary analysis undertaken in the preceding table illustrates. As it states in the opening paragraph of its initial brief,

" The Pecatonica Teachers Education Association . . . seeks to reasonably improve their competitive position within their athletic conference, the State Line League. In order to accomplish this, compensation must advance at a significant rate in Pecatonica and other contractual modifications must be instituted."

The Association goes on to say, "Some might argue that interest arbitration is not the proper forum to accomplish these ends---that the parties would be best served by voluntarily achieving greater parity." Some arbitrators would argue that interest arbitration is not the forum to accomplish these ends and the undersigned is among them.

The above table reveals that the District has held its "solid

lock" on eighth place since 1983-84. Despite its protests that "Pecatonica has approached the alter of arbitration far too often" the record shows that two of the three times at the "alter" since 1983 have resulted in consent awards. Such awards are voluntary agreements between the parties which are sanctified by an arbitrator's signature. Commenting on the most recent of these consent awards, by Arbitrator George Fleischli for the 1988-90 contract, the Association admits, ". . . the Fleischli award was a consent agreement, which, in hindsight, did not address the "recapture" issue.

The Parties have had a number of years and several rounds of negotiations to address this issue. The matter has been long standing with ample time to resolve it voluntarily. Beyond the Association's desire to recapture the position it held nearly ten years ago, there is little in the record to persuade the Arbitrator to impose the Association's desired outcome on the District.

In view of the above analysis, the Arbitrator concludes that the District's salary offer is the more reasonable of the two.

Addition of BS+30 Lane

The Association proposes that the existing salary structure be modified through the addition of a BS+30 educational lane. According to the Association, it has sought this change without success for many years. The Association contends that prevailing Conference patterns support its position and that it offered to accept reduced Board paid health care premiums as a trade off.

The Board's response is that this is a change in the status quo

which is unwarranted by any demonstration of need or appropriate quid pro quo; that only a minority of districts possess a BS+30 lane; and in any event, that this is an issue whose resolution should be left to the Parties' own negotiations.

Whether one applies the so-called Nielsen three pronged test as advocated by the Board or a similar standard it is a universally accepted axiom in interest arbitration that the burden of proof rests with the party seeking change from the contractual status quo. The evidence must be persuasive that there is a demonstrated need for change together with a clear cut remedy. Typically such need for change is supported through established hardship, prevailing practice or other related standards.

An examination of the record reveals a very mixed picture with regard to prevailing practice in the Conference. In 1991-92, for example, excluding Pecatonica, four of the remaining eight districts possessed salary schedules with a BS+30 lane. In addition, in terms of total numbers of lanes, four districts had structures with nine lanes and four have eight lanes. The District's salary structure has seven lanes.

Unfortunately, there is neither evidence nor testimony which would indicate a trend toward more or fewer lanes among Conference schools or whether any specific changes have occurred in the Conference involving BS+30 lanes. The conclusion one must reach therefore, is that the Conference comparables provide only weak support for the Association's structural proposal. If the Association's proposal is to be viewed as more reasonable on this

issue than that of the District, therefore, additional evidence from a different source must be forthcoming.

The Association, beyond reference to Conference patterns,, also attempts to build its case for the BS+30 demand on the premise of need and the offer of a quid pro quo. The District argues that the Association has not clearly demonstrated such need and the undersigned agrees. There is little in the record to support a conclusion of hardship for the bargaining unit under the current structure. The Association has apparently been dissatisfied for some time with the present set of circumstances and has sought to no avail to persuade both the District and at least one other arbitrator to grant its demand. Such bargaining history, however, is not a showing of hardship or need.

Finally, there remains the matter of the Association's proposal to buy the lane addition through its offer to accept a reduction in the percentage of the health insurance premium paid by the District. This point will be addressed in greater detail below in the Arbitrator's discussion of the issue of health insurance. It is sufficient to observe at this point, however, that the value of a proposed buyout is established by the Parties themselves through their willingness to accept the proposed terms of an exchange. These "terms of exchange" differ with issues, with proposed packages, with time frames and are subject to a variety of internal and external circumstances. What is an acceptable exchange at one point in time may not be another point. Therefore, only the Parties can know what constitutes an appropriate exchange and what

does not.

On balance, the Arbitrator concludes that the evidence is insufficient to warrant a change in the salary structure status quo. The District's position on this issue is preferred.

Health Insurance

The Board currently pays 100% of both the family and single health insurance premiums. The Parties propose that the Board's percentage be reduced in the second year of the new contract as follows: Board proposes it pay 95%; Association proposes the Board pay 97%.

As recounted above, the Association argues that its offer is a quid pro quo for its demand that a BS+30 lane be added to the schedule, that benefits are substandard, that there is no prevailing practice for either 97 or 95%, and whichever employer paid percentage was implemented would not affect the District's cost.

On the other hand, the District counters that costs have skyrocketed and are an acute problem, the Board offer is set at 95% which it calculates as the Conference average and that it has made a higher salary offer as a trade off for moving away from a 100% Board paid premium.

It is indisputable that health care costs have increased significantly for employers like the Pecatonica Area School District. This is a universal problem in the United States which is apparently beyond the ability of individuals, organizations and governments to control. In an effort to gain some level of control

organizations have adopted a number of devices including cost shifting of the sort proposed here. Whatever the approach, none has had more than a temporary effect.

The necessity to come to terms with the current health insurance climate has obviously motivated both parties to move away from a practice in which the Board pays 100% of the cost. The difficult question to answer is, how far from 100% would constitute reasonable and sufficient movement?

The Association has tried to establish the premise that its benefits are substandard and therefore it should not have to move too far; i.e., beyond 97% Board payment. However, the evidence brought forward at the hearing is inadequate to conclusively establish such a premise. Moreover, the Association apparently believed these plans were acceptable when it agreed to them in previous negotiations.

Both parties have argued a quid pro quo principle. The District contends it has offered higher salaries in exchange for its health insurance offer while the Association asserts its health insurance proposal is its tradeoff for the BA+30 lane. The Arbitrator is unpersuaded that either Parties' argument should receive much weight. Compromise, linkage, tradeoff, quid pro quo are all inherent in the practice of negotiation. This is the inevitable route to agreement. The Parties to the instant dispute are at impasse because they do not like the terms of trade each has proposed to the other.

One method to judge what would constitute a reasonable

settlement of this issue is to examine the practice in the Conference. Both sides, in fact, have urged that the undersigned apply a comparability criterion to resolve the impasse over this issue. We can do this through the information presented in the following table.

State Line Conference Health Insurance Payment 1991-92				
District	Percent Paid by Employer		Dollar Amount Paid by Employer	
	Family	Single	Family	Single
Albany	100%	100%	\$368.96	\$144.38
Argyle	90	90	337.59	131.47
Barneveld	95	100	350.09	143.32
Belleville	81	80	338.94	131.26
Black Hawk	95	95	378.42	147.12
Juda	95	95	370.99	144.23
Monticello	100	100	379.08	148.22
New Glarus	80	81	301.71	122.62
Average	92%	93%	\$353.22	\$139.07
Assoc. Offer	97	97	377.91	146.31
Board Offer	95	95	370.12	143.30

Source: Association Exhibit #13; Board Exhibit 39.

It should also be noted that, effective with the 1992-93 contract year, the Monticello School District will pay 95% of the cost of health insurance instead of 100%.

The above table indicates that the District's proposal that it pay 95% is closer to the norm for the Conference than is the Association's. Moreover, as measured by dollars paid, by either offer, the District will still be well above the Conference average. Here again, however, the District's offer is closer to the norm.

The undersigned must conclude in light of the above analysis

that the District's offer on health insurance is the more reasonable of the two.

Extra-curricular Schedule Changes

The Association proposes that in 1990-91 the extra-curricular pay schedule be modified by the addition of two new positions, FBLA and Art Advisor each at 4%, and an increase in percentages currently paid to the FHA Advisor(4%), First Assistant Forensics Advisor(4%), and Second Assistant Forensics Advisor(3%). The Driver's Education Instructor would go from \$8.50 to \$10.50/hour.

The Parties arrive at different cost estimates for this issue. The Association computes the first year increase to be \$2,701 and year two as \$2,838. The District finds the equivalent cost to be \$3,071 and \$3,289.

The Association justifies this proposal by arguing that a new course is involved in one of the positions and that in general club memberships and job duties have increased. In the matter of the drivers' education position the Association contends that the Conference pattern supports \$10.50 per hour.

The District's responds that there is no demonstrated need to change the extra-curricular pay schedule. It also asserts that the proposed changes would alter the weight and importance of the extra-curricular positions on the pay schedule.

In weighing the evidence and arguments from the two sides the Arbitrator finds weak support for the Association's position on this issue. Thus, for example, while job duties may, indeed, have

changed there is no indication in the record whether these new duties add significantly to those already performed; what may be the relative importance of the new duties within the context of the existing positions; or how the changed job duties affect the relative rank of these positions in relationship to those which would not receive an increase.

With the possible exception of the drivers' education position, examination of the information provided for the prevailing extra-curricular pay practices of benchmark school districts (Association Exhibit #15) also does not support the Association's position. As far as Drivers' Ed is concerned the meaning of the data is not clear. Thus, several districts are missing (Albany and Monticello), two districts pay on a per student basis (Argyle and Juda) and although the remaining four districts pay a higher hourly rate there is no indication whether the duties in each case are identical to those required of drivers' ed instructors in Pecatonica.

All things considered, therefore, the undersigned must conclude that the Board's extra-curricular pay schedule offer is to be preferred.

Credit Attainment

The Association proposes two changes to the existing language of the Master Contract's Article IX - Professional Improvement. First, effective 1991-92, the Association would delete Section A (1), line 23, where it reads, "A maximum of three (3) credits during any semester." Second, in Article IX, wherein it

reads, "Degree professionals must earn six graduate credits for every four years they advance on the schedule," the Association would delete the word "four" and insert in its place "five."

The District labels the Association's "credit attainment" proposal as a step background, weakening the incentive to obtain an MA and having no correlation with State licensure mandates. The District also contends that there is no demonstrated need and no quid pro quo. While the undersigned is not prepared to accept this proposal as a step background he is persuaded that the Association has not demonstrated a need to alter the status quo of Article IX. The record is devoid of testimony that the present language works a hardship on the bargaining unit much less that the suggested changes would alleviate any problems. Further, the Association offers no evidence that the District is out of step with its counterparts in the State Line League.

Under the circumstances, the Arbitrator finds the District's offer on credit attainment to be preferred.

Life Insurance

Beginning with the second year of the new contract, the District offers life insurance as a new benefit. This benefit would be calculated at "one times the annual salary to the next \$1,000." The Board would pay 100% of the premium.

The Association estimates the cost of this benefit to be about \$2,000 per year total for the bargaining unit. The District does not provide its own cost estimates. There is no argument, pro or con, by the Parties. Given both the minor nature of this issue and

the lack of attention paid to it by the Parties the undersigned will make no effort within the constraints of the statutory criteria to judge the reasonableness of the District's offer. The outcome of this dispute will turn on the remaining issues between the Parties.


Summary

The Parties to this dispute have provided through their voluntary impasse procedure that the Arbitrator shall select the entire package found to be most reasonable according to the statutory criteria of Section 111.70(4)(cm)(7). In view of the above analysis and having considered the statutory criteria the undersigned renders the following:

AWARD

The final offer of the District together with prior stipulations shall be incorporated into the Collective Bargaining Agreement for the period beginning July 1, 1990 and extending through June 30, 1992.

Dated at Middleton, Wisconsin this 2nd day of August of 1992.


Richard Ulric Miller, Arbitrator