

INTEREST ARBITRATION  
OPINION AND AWARD

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WISCONSIN EMPLOYMENT  
RELATIONS COMMISSION

In the Matter of Interest Arbitration  
between  
LUXEMBURG-CASCO SCHOOL DISTRICT  
and  
LUXEMBURG-CASCO EDUCATION ASSN.

CASE 12 NO.46510  
INT/ARB - 6205  
Decision No. 27168-A

Hearing Held

Appearances

May 4, 1992

For the Association:

Administrative Offices  
Luxemburg-Casco Elem. School  
Luxemburg, Wisconsin

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Executive Director  
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1136 North Military Avenue  
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Arbitrator

For the School Board:

Steven Briggs  
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BACKGROUND

On March 23, 1992, the undersigned was notified by the Wisconsin Employment Relations Commission of his selection as Arbitrator in the above-captioned final offer interest arbitration proceeding

between the Luxemburg-Casco School District (hereinafter the Board) and the Luxemburg-Casco Education Association (hereinafter the Association). In a March 27, 1992, telephone conference with the Arbitrator both parties agreed to schedule the interest arbitration hearing for Monday, May 4, 1992.

The hearing was conducted on May 4, 1992, as scheduled. Both parties presented evidence and argument on the issues at that time. At the conclusion of the hearing arrangements were made for the filing of Posthearing Briefs and Reply Briefs. After both parties filed timely Posthearing Briefs they mutually agreed to waive their right to file Reply Briefs. The record was declared closed by the Arbitrator on June 17, 1992.

### OVERVIEW OF THE ISSUES

This dispute concerns three provisions to be included in the parties' 1991-1993 collective bargaining agreement covering certified teaching staff: (1) the salary for the 1991-1992 and 1992-1993 contract years; (2) the extra-curricular pay schedules for the 1991-1992 and 1992-1993 contract years; and (3) the Board contribution level to the health insurance program with regard to benefits provided to early retirees.

#### Salaries

The parties are in agreement as to the basic salary schedule structure for the two contract years. The schedule consists of eight educational attainment lanes (BS, BS + 6, BS + 12, BS + 18, BS + 24, BS + 30, MS, and MS + 6) with a \$200 increment from each lane to the next. There are thirteen vertical step increments within each lane, with each equivalent to 5% of the lane base. There is one additional step in each lane (the lane maximum). It reflects a \$900 longevity increase from the previous step. Thus, the only difference between the parties on the salary issue is the BS base itself (\$20,550 for the Association; \$20,470 for the Board) and its impact on the remainder of the salary schedule.

### Extra-Curricular Pay

Generally, the parties increased the pay for each extra-curricular assignment by the same percentage as they increased the BA base for each year, rounded to the nearest \$5.00. The percentage increases for 1991-1992 are approximately 5.4% for the Association and 5.0% for the Board. The comparable figures for 1992-1993 are 5.5% for the Association and 4.4% for the Board.

### Early Retiree Insurance

The Association wishes to maintain the status quo from the 1989-1991 Agreement on this issue. That language is quoted below:

The Board will pay \$1,000 for one year and up to five years health insurance up to age 65 for early retirement. Early retirement may start at age 55 or a mutually agreed upon age.

The Board proposes the following revision to the above language:

The Board will pay \$1,000 for one year and up to five years health insurance at the same rate paid to active employees up to age 65 for early retirement. Early retirement may start at age 55 or a mutually agreed upon age (emphasis added).

The significance of the Board's proposal is that it reduces the amount paid by the District for early retiree health insurance over the first five years of their retirement, up to age 65. Currently, the Board pays the entire premium cost; under its new proposal, it would be required to pay 90% of the premium cost, with the remaining 10% to be paid by the retired teacher.

## THE STATUTORY CRITERIA

111.70(4)(cm)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 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 generally 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, factfinding, arbitration or otherwise between the parties, in public service or in private employment.

### THE COMPARABLES

Both parties agree that the school districts included in the Door-Kewaunee Insurance Consortium are appropriate for comparability purposes. The Consortium consists of the following eight Districts:

Algoma

Denmark

Gibraltar

Kewaunee

Luxemburg-Casco

Sevastopol

Southern Door

Sturgeon Bay

### Board Position

The Board proposes the addition of the Mishicot, Oconto and Oconto Falls School Districts to the comparables pool. It notes that the ten-member pool it advocates in the instant case was the exact group adopted as comparables by Arbitrator Fleischli in an April, 1987, interest arbitration between these same parties (Luxemburg-Casco School District, Dec. No. 24049-A, 4/15/87).. The Board also points out that in that case the Union agreed that it was appropriate to include Mishicot as a comparable.

Admittedly, the Board reasons, Mishicot does not participate in the insurance consortium. But that alone is not reason enough to exclude it. And the Board feels it is appropriate to consider Oconto and Oconto Falls because there are so few settlements for 1991-1992 and 1992-1993 across the insurance Consortium districts.

Overall, the Board believes the parties have come to rely on the comparables pool adopted by Arbitrator Fleischli in 1987 to guide them in making their collective bargaining decisions. In the interest of stability, it urges that the same ten-member pool should be utilized in the instant case.

### Association Position

The Association points out that teachers in the Insurance Consortium receive identical health and dental insurance benefits, and that the Mishicot, Oconto and Oconto Falls Districts are not Consortium participants. Moreover, Mishicot is not even in the same athletic conference as Luxemburg-Casco. Arbitrator Yaffe excluded Mishicot from the comparables pool in another interest arbitration case principally because it was not a member of the Consortium (Southern Door School District, Dec. No. 26317-A, 8/2/90). He excluded it from still another interest arbitration case because it had a split salary schedule, thus making benchmark comparisons difficult (Gibraltar School District, Dec. No. 19112-A, 4/7/82).

In the 1987 interest arbitration between these same parties, Arbitrator Fleischli discounted the relevance of Oconto and Oconto Falls because of their geographical separation from the peninsula districts. He reasoned that Oconto and Oconto Falls were not part of the same immediate labor market constituted by the peninsula districts.

The Association also believes it is inappropriate for the Board to use non-teaching units as comparables. More specifically, the Association argues, Board Exhibits 124-125, 128-130, and 135-146 are merely media reactions to the "general state of things" without any perspective in terms of the Luxemburg-Casco District and its comparability group.

## Discussion

Absent significant change in a particular comparability group previously adopted by an arbitrator in an interest arbitration proceeding, and assuming that arbitrator did not make some egregious error, the arbitrator in a subsequent interest arbitration between the same parties should be extremely reluctant to construct a new comparables pool. Restructuring the comparability group without sound reason (such as a monumental addition to the tax base, a significant change in a particular district, etc.) tends to modify the playing field artificially. Moreover, it encourages the parties to go "comparables shopping" in future proceedings, driven by self-interest at the expense of good reason. And it undermines the stability so valuable to the parties in settling future interest disputes at the bargaining table --- without the need for a third-party. Thus, in the long haul at least, arbitrators who display a reluctance to disturb previously established comparability groups assist the parties in developing and maintaining a sense of stability in their collective bargaining relationships.

The principle advanced in the foregoing paragraph has been embraced by numerous arbitrators in Wisconsin interest arbitration proceedings, as reflected in the following examples:

1. The undersigned deems it inappropriate to deviate from that list (except to the extent that Nekoosa should be added since it subsequently joined the South Central Athletic Conference), which was arrived at after taking into account the parties' arguments and was generally based on a well-reasoned analysis. Tomah Area School District (Fleischli), Dec. No. 20048-B, 6/83.
2. To ignore this previous award would only hinder the Parties' collective bargaining relationship in the future. . . The arbitrator's decision to adhere to the previous arbitrator's decision is not unusual. In fact, many arbitrators have held as a general labor relations principle that once the parties have established the comparables through arbitration, another arbitrator should not disturb it. Port Edwards School District (Miller, R.J.) Dec. No. 23060-A, 4/86 (also see Douglas County Sheriff's Department, Dec. No. 20765-A, 12/83).

3. In this case, there is additional support for the Association's group of comparables as they were adopted in a previous arbitration involving the same parties. School District of Neillsville, (Vernon), Dec. No. 20202-A, 7/83.

4. There is value, however, in maintaining a consistent set of comparables since consistency in this process will help the parties as they engage in negotiations. Therefore, since two previous arbitrations were decided using Pittsville, as well as others, it was concluded the District's considered comparable in them should remain constant. Tomah Area School District (Imes), Dec. No. 22247-A, 7/85.

5. . . it is the opinion of the undersigned that once comparables have been determined for parties, it is in the best interest of those parties for the purposes of future collective bargaining, to maintain a consistency of where the comparables reside. In maintaining that consistency, it avoids comparability shopping in which parties often engage and, therefore, creates a basis for comparisons which are conducive to settlement, which the undersigned believes the mediation-arbitration statute was intended to encourage. Therefore, the undersigned adopts the Zeidler-8 as the comparables in this matter, even though he may have made some minor modifications among those comparables if he were considering the matter *de novo*. Kenosha Unified School District No. 1 (Kerkman), Dec. No. 19916-A, 6/83.

In the instant case the record has not convinced me that there is compelling reason to disturb the comparables pool adopted by Arbitrator Fleischli in 1987. It is also noteworthy that Mishicot is contiguous to Luxemburg-Casco, as well as to two other of the insurance Consortium districts (Denmark and Kewaunee). And although both Oconto and Oconto Falls are in the same athletic conference as is Luxemburg-Casco (i.e., the Packerland Conference), and they are comparable to Luxemburg-Casco in size, they are geographically separated from it by the waters of Green Bay.



For the foregoing reasons, and in harmony with the reasoning adopted by Arbitrator Fleischli in the 1987 interest arbitration involving these same parties, the following comparability group is adopted:

#### PRIMARY COMPARABLES

Algoma

Denmark

Gibraltar

Kewaunee

Mishicot

Sevastopol

Southern Door

Sturgeon Bay

#### SECONDARY COMPARABLES

Oconto

Oconto Falls

Obviously, comparison to non-teacher public sector employee groups has limited value. Compensation for such groups is not tied to an experience/education salary schedule and the employees themselves generally work throughout the 12-month calendar year. Comparison to private sector employee groups has even less value, as their compensation is not dependent upon the highly politicized budgetary process. Nevertheless, since nearby private and non-teacher public sector employees work in the same geographical labor market as

Luxemburg-Casco teachers, their employment conditions should not be totally ignored.

## THE SALARY ISSUE

### Board Position

The Board notes that the settlements for 1991-1992 in Kewaunee, Oconto and Oconto Falls reflect the second of a two-year agreement negotiated in January, 1991. And Sturgeon Bay's 1991-1994 agreement was reached in November, 1990. These four settlements were the only ones available from the comparables pool when the present record was declared closed. And since all of them were negotiated so long ago, the Board argues, decisive weight should not be given to them. The Board believes instead that significant emphasis should be placed on final offers currently pending in comparable districts which have not yet settled.

The Board also feels that Kewaunee and Sturgeon Bay should not be heavily relied upon due to the fact that their local economic conditions are different from those in Luxemburg-Casco, a rural, agriculture-based District. It has the highest farm population (26.8%) of any comparable district. Thus, the weak farm economy in Luxemburg-Casco cannot support teacher compensation increases to the same extent as can the stronger local economies in Kewaunee and Sturgeon Bay.

The Board also notes that the relatively high Sturgeon Bay salary settlements were accompanied by such association concessions as an extended probationary period for new employees, definition of the teaching load, restriction and cutback on child-rearing leave, longer retention of teacher evaluations, and revision of early retirement language limiting the board's exposure to escalating health insurance costs.

In the absence of sufficient, timely settlement data across the comparables, the Board urges the Arbitrator to give less weight to the comparability criterion than to other statutory factors.

### Association Position

The Association believes the settlement pattern established across comparable districts should be the dominant criterion used in this case. That pattern, the Association argues, is a better measure of the strength of the local economy than is the Consumer Price Index (CPI). And the Association notes that both Kewaunee and Sturgeon Bay teachers enjoyed 1991-1992 increases greater than that which would have resulted in a consideration in the CPI alone.

In the past, the Association asserts, the parties have voluntarily agreed to increases exceeding the CPI. Certainly, they must have given consideration to the CPI at those junctures. Those settlements suggest quite persuasively that there are overriding considerations which go beyond the cost-of-living as traditionally measured.

The Association also argues that the Board has the resources to meet its salary offer. The Board did not plead inability to pay, nor did it submit evidence of difficulty to pay, budgetary inflexibility, a greatly reduced contingency fund, a cutback in programming or a reduction in staff. Moreover, the Association points out, the District is not overtaxed and there is no lack of area income which could mitigate against the Association's offer.

With regard to the farm economy in Luxemburg-Casco, the Association argues that 1989 and 1990 were the first and second best ever for Wisconsin farmers. While farm income was down in 1991, conditions are expected to improve in 1992. Thus, the Association asserts, the Arbitrator should not conclude that local economic conditions in Luxemburg-Casco dictate acceptance of the Board's offer.

### Discussion

Both parties have acknowledged that the differences between their respective costing methods are insignificant. The Arbitrator therefore feels free to use either set of figures interchangeably. Table 1 on the following page employs the Association's costing to illustrate the dollar differences between their final offers:

**TABLE 1**  
**DOLLAR COST COMPARISON OF PARTIES' OFFERS**

	1991-1992		1992-1993	
	<u>Salary</u>	<u>Package</u>	<u>Salary</u>	<u>Package</u>
Assn. Offer	3,038,954	4,091,390	3,244,270	4,391,988
Board Offer	3,027,592	4,077,378	3,199,688	4,336,994
Difference	11,362	14,012	44,582	54,917

For 1991-1992 the Association proposes a 5.2% average salary increase across benchmark cells in the schedule; the comparable increase offered by the Board is 4.8%. For 1992-1992 the Association seeks an average increase of 5.37%; the Board offers an average increase of 4.3%. When evaluating the differences between the parties' respective offers, the second year is the more significant both in percentage and dollar terms.

By far the dominant method of evaluating final salary offers in school districts in Wisconsin has been a comparison with settlements in comparable districts. In the instant case, however, such comparison is likely to be misleading. First, only two (Kewaunee and Sturgeon Bay) of the eight primary comparable districts have settled the salary issue for 1991-1992. Salary schedules reached in but two districts hardly constitute a pattern against which to compare the parties' respective offers. Second, it is important to note that the Kewaunee and Sturgeon Bay salary settlements were reached during bargaining which culminated around the beginning of calendar 1991. Thus, the parties to those agreements were making educated guesses as to what might be the state of the local economy by September, 1991.<sup>1</sup> Since the end of 1990 the local economy in Luxemburg-Casco has not improved. One need only look to the currently pending 1991-1992 final salary offers from teacher associations in the insurance Consortium (Algoma, Denmark, Gibraltar & Southern Door) to raise the possibility that it may actually have weakened. That is, those offers are generally lower than the Kewaunee and Sturgeon Bay settlements. Third, although Sturgeon Bay is included in the

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<sup>1</sup> .The same may be said of the 1991-1992 salary settlements reached in Oconto and Oconto Falls, the two secondary comparables. Both were negotiated in January, 1991.

primary comparables pool, its economic base is significantly different from that in Luxemburg-Casco. Sturgeon Bay is the most industrially oriented district among the comparables, largely due to the shipbuilding industry. It has a farm population of .3%, as compared to 26.8% in Luxemburg-Casco. Manufacturing jobs in Sturgeon Bay comprise 37% of total employment, as opposed to 29% in Luxemburg-Casco. And the service sector in Sturgeon Bay makes up over half (50.7%) of its total employment whereas the portion of Luxemburg-Casco's economy made up of service oriented jobs is significantly less (35%). The 1991-1992 salary settlements reported for the secondary comparables are not of much use either (see Footnote No. 1). And finally, the record contains only one salary settlement from the comparable districts for the 1992-1993 school year. That settlement was for the second year of a three-year agreement in Sturgeon Bay. For reasons already explained, the Arbitrator is not persuaded that it should be controlling --- or even significantly influential.

The Association also argues that it is appropriate to use the statewide teacher salary settlement pattern, particularly in view of the paucity of settlements across the comparables. The Arbitrator disagrees. Even the Association would not be so bold as to compare Luxemburg-Casco with, say, Milwaukee, Madison and Green Bay. But the statewide average includes all districts, be they large or small, urban or rural, agricultural or industrial. The 1991-1992 statewide salary settlement average cited by the Association includes 346 out of the 432 school districts in Wisconsin; the comparable figure for 1992-1993 is based on 138 districts. The Arbitrator is simply not willing to give much weight to such broadly-based, heterogeneous, ill-defined salary data.

Given the paucity of valid salary settlement data in the record, it is appropriate to look to the currently pending certified final offers from other districts in the primary comparables group. Table 2 on the following page has been constructed for that purpose.

**TABLE 2**  
**PENINSULA SCHOOLS - CERTIFIED FINAL OFFERS**  
**AVERAGE SALARY INCREASES ACROSS THE BENCHMARKS\***

	1991-1992		1992-1993	
	<u>\$/Tchr</u>	<u>Percent</u>	<u>\$/Tchr</u>	<u>Percent</u>
<b>Algoma</b>				
Assn.	1,424	5.08	1,517	5.15
Board	1,337	4.77	1,427	4.86
<b>Denmark</b>				
Assn.	1,388	4.69	1,429	4.62
Board	1,276	4.31	1,191	3.86
<b>Gibraltar</b>				
Assn.	1,495	5.05	1,627	5.26
Board	1,347	4.55	1,286	4.18
<b>Southern Door</b>				
Assn.	1,512	5.21	1,638	5.37
Board	1,376	4.75	1,350	4.44
<b>Luxemburg-Casco</b>				
Assn.	1425	5.20	1547	5.37
Board	1317	4.80	1235	4.30

\* = BA Base, BA-7th, BA MAX, MA-MIN, MA-10th, MA-MAX, Sch-MAX

Source: Association Exhibits 2, 11-14

In percentage terms, the Board's final salary offer for both years compares favorably with those offered by school boards in the other districts in Table 2. It is the best for 1991-1992 and for 1992-1993 it is higher than the board offers in Denmark and Gibraltar. In dollar comparison terms, the Luxemburg-Casco Board offer does not appear so generous. But on balance, the Board's salary offer is not out of line with those advanced by other school boards in the same local labor market.

At a 5.20% average increase across the benchmarks, the Association's 1991-1992 salary offer is only one one-hundredth of a percentage point from being as high or higher than those promulgated by other teacher associations in the primary comparables group. For 1992-1993 it is the highest. Historical salary patterns among the

comparables, do not justify such a quantum leap. That is, since at least the 1987-1988 school year Luxemburg-Casco teachers have been paid on the lower end of the salary scale among the primary and secondary comparables. Table 3 has been constructed in to illustrate that point:

TABLE 3  
LUXEMBURG-CASCO SALARY RANKINGS\*  
1987-1991

<u>Year</u>	<u>BA Min</u>	<u>BA-6</u>	<u>BA Max</u>
87-88	11	10	8
88-89	8	6	11
89-90	8	8	11
90-91	9	7	11

<u>Year</u>	<u>MA Min</u>	<u>MA-9</u>	<u>MA Max</u>	<u>Sch Max</u>
87-88	11	11	10	11
88-89	10	9	10	11
89-90	10	9	10	11
90-91	10	9	11	11

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\* = Includes 11 districts (Luxemburg-Casco, the 8 primary comparables, and the 2 secondary comparables)

Source: Board Exhibit 9

In spite of the relatively low historical ranking of Luxemburg-Casco teacher salaries across the comparability pool, the District has not

experienced an inordinately high teacher turnover rate.<sup>2</sup> Neither is there any evidence in the record that teacher vacancies in the District have gone unfilled. This suggests that the overall compensation package in Luxemburg-Casco has been high enough to attract and retain teachers. Accordingly, the Arbitrator finds no compelling reason to advance Luxemburg-Casco teachers in their salary rankings vis-a-vis teachers in comparable districts.

The CPI is another of the criteria contained in the controlling Statute. While it is generally not given primacy by interest arbitrators, in the absence of adequate settlements from comparable districts it becomes more important. The Board's final offer reflects a 6.9 percent total package increase for 1991-1992 and a 6.3 percent total package increase for 1992-1993.<sup>3</sup> The Association's offer equates to a 7.2 percent increase for each of the two contract years. The CPI increased only about 4 1/2 percent for 1991-1992, and will increase by an estimated 4 percent for 1992-1993. Thus, both of the parties' final offers reflect real increases in purchasing power for Luxemburg-Casco teachers.

The Arbitrator is also compelled by the Statute to consider the public interest. It does not appear from the record that the final salary offer of either party would be repugnant to the interests of taxpayers in the Luxemburg-Casco School District. After all, and as noted earlier in Table 1, they are not really that far apart. But as already concluded in the foregoing analyses, the record does not justify advancing Luxemburg-Casco teacher salaries beyond the level reflected in the Board's final offer.

Overall, and in full consideration of all of the criteria prescribed by Statute, the Arbitrator has concluded that the salary offer of the the Board is slightly preferable to that advanced by the Association.

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<sup>2</sup> Since 1988-1989, a total of only six teachers have left Luxemburg-Casco for the specific purpose of other employment (Board Exhibit 8).

<sup>3</sup> The CPI includes as one of its components the cost of medical services. Since a significant portion of the total package cost in this case also stems from medical insurance costs, it is appropriate to compare the parties' total package increases against the CPI increase.



## EXTRA CURRICULAR PAY

Neither party advanced specific arguments with regard to this issue; rather, they seemed content to include it by implication in the voluminous data they submitted on the salary issue. The reason for this relates to the fact that each of them increased the extra-curricular schedule by the same percentage rate they proposed to increase the BA Base each year. The Arbitrator therefore sees no reason to discuss extra curricular pay specifically. Suffice it to say that the same analyses conducted on the salary issue itself, if applied to extra curricular pay as reflected in this arbitration record, would generate the same result.

## THE EARLY RETIREMENT ISSUE

### Board Position

The Board proposes what it considers a modest change in the existing early retirement language. Currently the Board pays the entire cost of single or family health insurance for up to five years for teachers who qualified for early retirement. It proposes to modify that benefit by reducing its contribution to the same level (i.e., 90 percent of the premium) it pays for teachers currently employed. According to the Board, this reduction is fair since it will create internal equity between active and retired teachers.

Moreover, the Board believes there is compelling reason for its proposed "modest change" in the *status quo*. First, skyrocketing health insurance costs in recent years make it appropriate for early retirees to share them. Second, the modification does not significantly reduce the health insurance benefit; rather, it simply requires early retirees to pay a small portion (10%) of their health insurance premiums. And third, the prevailing practice among comparable districts justifies the modification sought.

### Association Position

The Association asserts that the Board's proposed change to the *status quo* constitutes a fatal flaw in its final offer. It notes that the current language on this issue has been in the collective bargaining agreement since the 1976-1977 school year. Moreover, the Association believes that any proposed change in the language should be accompanied by a *quid pro quo*. Since the Board has included none in its final offer, the Association feels it would be inappropriate for the Arbitrator to adopt it. The Association also notes that the Board's offer would save it on the average only \$597 per year per retiree over the next five years. The individual retiree must pay that same amount, after taxes, to participate in the health insurance program. Coupled with the fact that Luxemburg-Casco teachers are paid at bottom-of-the pack levels, the Association argues, the Board's attempt to water down a longstanding benefit is an unreasonable affront to the *status quo*.

### Discussion

The Board proposes to change the *status quo* with regard to this issue. Accordingly, it is the Board which must present compelling reason for doing so. This principle is so well established in interest arbitration that there is no need to provide additional support for it here.

Currently, teachers who retire early in Luxemburg-Casco enjoy a benefit not even received by teachers still actively employed there. The District picks up the full cost of health insurance for the first five years of early retirement (until age 65), but it pays only 90 percent of the premium for teachers still actively employed. And the Board is quite correct in its assertion that comparable districts do not generally provide such coverage. Health insurance plans for early retirees across the comparables are summarized in Table 4:

TABLE 4  
SUMMARY OF VOLUNTARY EARLY RETIREMENT  
HEALTH INSURANCE BENEFITS

<u>District</u>	<u>Year</u>	<u>Health Insurance Benefits</u>
Algoma	1989-91	District pays same insurance contribution on behalf of retirees as other professional employees up to age 65. Retiree may retain insurance coverage at own expense after 65.
Denmark	1989-91	30 months of health insurance coverage if teacher has accumulated 90 unused sick days. If less than 90 days, one month's health insurance coverage for each three days of accumulated unused sick leave.
Denmark	1991-93	(tentative agreement) 36 months of health insurance coverage if teacher has accumulated 108 sick days. If less than 108 days, one month health insurance for each three days of sick leave.
Gibraltar	1988-91	Same contribution as for other employees, not to exceed three years.
Kewaunee	1990-92	Board makes same contribution as for other unit employees for three years. Teachers who accumulated more than 60 sick leave days can use those days over 60 to a limit of 40 to pay for Employer's portion of insurance at same rate as unit employees after first three years of retirement.
Mishicot	n/a	No provision.
Oconto	1990-92	Those retiring early receive total benefit of \$350/mo. for five years, but only to age 62. No employer contribution earmarked for health insurance premiums.

TABLE 4 (CONTINUED)

<u>District</u>	<u>Year</u>	<u>Health Insurance Benefits</u>
Oconto Falls	1990-92	Retirees receive same medical, dental and group life insurance as other employees, but only "to the extent of the monies available by accrediting of the dollar value of all unused sick leave days calculated at the daily rate of pay earned at the time of retirement."
Sevastopol	1990-1991	Board makes same contributions it makes for other employees.
Sturgeon Bay	1990-91	Two plans: (1) Lump sum payment of \$2,000 or two years fully-paid health insurance; (2) Board shall make same hospital-medical contribution on behalf of early retirees as it makes for all other unit employees until age 65.
Sturgeon Bay	1991-1994	Three plans: (1) Four years of health insurance coverage at flat dollar amount in effect when teacher retired; (2) Six years of health insurance coverage at flat dollar amount in effect when teacher retired; (3) Eight years of health insurance coverage at flat dollar amount in effect when teacher retired.
Luxemburg-Casco	1988-91	Board pays \$1,000 for one year and up to five years of health insurance at no cost to early retiree, up to age 65.

It is abundantly clear from Table 4 that Luxemburg-Casco teachers who choose early retirement are treated very well relative to their comparable counterparts with regard to health insurance premiums. When considering their accumulated sick leave payouts, the picture appears even brighter. Teachers in six of the comparable districts (Algoma, Gibraltar, Mishicot, Sevastopol, Southern Door and Sturgeon Bay) receive no pay upon early retirement for accumulated, unused sick leave. And in those districts where there is an accumulated sick

leave payout, the benefit is not nearly so generous as that enjoyed by Luxemburg-Casco early retirees.<sup>4</sup>

Still, in free collective bargaining the employer seeking a concession normally offers something in return --- a *quid pro quo*. The Board in the present case maintains that one is not necessary because even with its proposed change the health insurance benefits provided to Luxemburg-Casco early retirees will still be leaps and bounds better than those provided in comparable districts. The Arbitrator tends to agree, especially in light of the unmistakable trend away from fully paid health insurance premiums across the public sector generally.

Moreover, the Arbitrator is influenced by the fact that current actively employed teachers in Luxemburg-Casco pay 10 percent of their health insurance premiums. Thus, the health insurance benefit currently enjoyed by Luxemburg-Casco teachers who retired early is not supported either on the external comparison or internal consistency measures.

Finally, the cost of medical insurance has increased tremendously over the last decade or so. And the end is not in sight, as insurance companies are still projecting substantial increases. In such a context the Board's attempt here to share those escalating costs with retirees, as it already does with current employees, seems reasonable.

It is probably safe to say that no interest arbitrator feels comfortable adopting a position which reduces the benefits received by employees affected by the award. The undersigned has generally been unwilling to do so, citing the need for compelling reasons. In the instant case, however, I am convinced from the record that language negotiated by these parties in the mid-1960's is no longer reflective of conditions in the local labor market.

It is important to note that the foregoing conclusion was not reached without consideration of the entire overall compensation package. Clearly, Luxemburg-Casco teachers are at the lower end of the salary scale across the comparables, and they have been for some time. But their benefits generally parallel those received by teachers in comparable districts. The one very large exception is the medical insurance/sick leave payout benefits received by Luxemburg-Casco

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<sup>4</sup> The maximum sick leave payout in Luxemburg-Casco is approximately \$16,500, as compared to \$9,600 for Kewaunee and \$2,000 for Oconto.

early retirees. They are quantum leaps ahead of the field on that dimension, and the record provides little if any support to keep them there. The Arbitrator therefore finds for the Board on the early retiree health insurance issue.

#### AWARD

After careful consideration of the record in its entirety, including all of the evidence and argument presented by both parties, and in full consideration of all statutory criteria, the Arbitrator adopts the Board's final offer. It shall be included in the parties 1991-1993 Agreement, along with the provisions therein which are to remain unchanged, and along with the parties' stipulations with regard to additional issues resolved in the bargaining process.

Signed by me at San Francisco, California, this 16th day of August, 1992.

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Steven Briggs