

FREDERICK P. KESSLER
ARBITRATOR

JOHNSON CREEK EDUCATION
ASSOCIATION

and

DECISION
Case 18 No. 48130
INT/ARB 6623
Decision No. 27574-A

JOHNSON CREEK SCHOOL DISTRICT

A. INTRODUCTION

On April 13, 1993, this Arbitrator was notified that he had been selected by the parties to hear the dispute between the Johnson Creek Education Association (hereinafter referred to as "the Association") and the Johnson Creek School District (hereinafter referred to as "the District"). The dispute involved the salary schedule and health insurance provisions for the second year of a two year labor agreement.

A hearing was set for June 3, at 10:00 a.m. in the Johnson Creek Municipal Building, in the Village of Johnson Creek. The hearing was held on the scheduled date and adjourned at 2:45 p.m. Witnesses testified and Exhibits were received. The parties agreed that briefs would be sent postmarked by July 9th, and rebuttal briefs by July 19th. Pursuant to stipulation the postmark date for rebuttal briefs was extended to July 22nd. The final brief was received by the arbitrator on July 24, 1993.

B. APPEARANCES

The District was represented at the hearing by Robert W. Butler, Staff Counsel for the Wisconsin Association of School Boards, Inc. The only witness he called was Alan Schaefer, the Superintendent of Schools for the District. Also present at the hearing were Mary Neupert, the Administrative Assistant for Business Affairs of the District and Ronald Kopp, the President of the School Board.

The Association appeared by A. Phillip Borkenhagen, Executive Director for the Capital Area UniServ-North. He called as his only witness Robert Kettelhohn, the former Association President and current chief negotiator. Also present were Alice O'Mahar, Kent Wickmann and Steve Prockert.

C. STATUTORY CRITERIA

Section 111.70 (4)(cm) 7 Wis. Stats. sets the criteria an arbitrator must consider in the evaluation of the final offers in these disputes. The statute reads as follows:

111.70 Municipal Employment (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. Stipulation of the parties.
- c. The interest 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 proceeding 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 the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment with other employees in private employment in the same community and 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.

D. FINAL OFFERS

1. The Association's final offer:

Article VII

INSURANCE AND LEAVES

[at page 23]

Amend section A, paragraph 2, accordingly:

2. "The District will pay full single premium and, for 1991-92 up to to \$404.33 per month toward the family premium and for 1992-93 up to \$467.92 per month toward the family premium, on health and accident insurance for full-time employees. Those employees working half-time or greater will receive full single premium insurance benefits or prorated premium benefits, based upon percentage of contracted time, if family coverage is desired, with the employee paying the balance of the monthly premium. Less than half-time employees will not receive insurance benefits as stated in the insurance policy contracts signed by the District."

APPENDIX B: 1992-93 SALARY SCHEDULE [at page 41]

92-93 Johnson Creek Salary Schedule

	MA+0							
<u>STEP</u>	<u>BA+0</u>	<u>BA+8</u>	<u>BA+16</u>	<u>BA+24</u>	<u>BA+30</u>	<u>MA+8</u>	<u>MA+16</u>	<u>MA+24</u>
1	\$21000	\$21735	\$22496	\$23283	\$24308	\$24949	\$25649	\$26384
2	21630	22387	23171	23982	25037	25697	26418	27175
3	22279	23059	23866	24701	25788	26468	27211	27990
4	23636	24463	25319	26205	27359	28080	28868	29695
5	24345	25197	26079	26991	28180	28922	29734	30586
6		25953	26861	27801	29025	29790	30626	31503
7		26731	27667	28635	29896	30684	31545	32449
8			28497	29494	30793	31604	32491	33422
9			29352	30379	31716	32552	33466	34425
10				31292	33648	34535	35504	36521
11				32229	33648	34535	35504	36521
12					34657	35571	36569	37617
13					35697	36638	37666	38745
14					36768	37737	38796	39908

2. Final offer of the District:

ARTICLE VII

INSURANCE AND LEAVES

A. Insurance

2. "The District will pay (full single premium) up to \$172.22 per month toward the single premium in 1992-93 and for 1992-93 up to (\$404.33) \$442.92 toward the family premium, on health and accident insurance for full-time employees. Those employees working half-time or greater will receive full single premium insurance benefits or prorated premium benefits, based upon percentage of contracted time, if family coverage is desired, with the employee paying the balance of the monthly premium. Less than half-time employees will not receive insurance benefits as stated in the insurance policy contracts signed by the District."

JOHNSON CREEK SCHOOL DISTRICT
1992 1993

STEP	MA+0							
	BA+0	BA+8	BA+16	BA+24	BA+30	MA+8	MA+16	MA+24
0	\$20960	\$21694	\$22452	\$23238	\$24261	\$24902	\$25599	\$26333
1	21589	22344	23126	23936	24990	25649	26368	27123
2	22236	23015	23820	24645	25739	26418	27159	27938
3	22904	23705	24535	25394	26511	27210	27973	28775
4	23590	24416	25270	26155	27307	28027	28813	29638
5	24298	25149	26029	26940	28126	28867	29677	30527
6		25903	26810	27748	28970	29734	30568	31433
7		26680	27614	28581	29839	30626	31485	32386
8			28443	29438	30734	31544	32429	33359
9			29296	30322	31656	32490	33402	34359
10				31230	32605	33465	34404	35390
11				32167	33584	34469	35436	36452
12					34591	35503	36500	37545
13					35629	36568	37594	38671
14					36698	37665	38723	39831

E. POSITION OF ASSOCIATION

This arbitration is taking place because the parties provided in the 1991-93 labor agreement that the issue of salary for the second year, 1992-93, would be reopened for further contract negotiations. The parties have each offered different salary proposals. The District has proposed that the teachers contribute to part of the cost of the health insurance policies, while the Association wants the District to continue to pay all of the cost of employee health insurance.

The Association's final offer calls for a 5.0% increase per cell of the salary schedule, and seeks to continue the practice that the District pay 100% of the cost of employee health insurance.

Johnson Creek School District teachers have not been compensated as well as the teachers in the districts that have traditionally been considered comparable for arbitration purposes. Johnson Creek's relative position, compared to the other school districts has eroded in all of the six benchmarks normally used in evaluating teacher salaries between 1987-88 to 1991-92. (The BA Max step is not significant any more because of the elimination of lifetime licensing and the requirement that all teachers obtain six credits every five years). Until 1991-92 contract, the gap between the comparable district teacher salary average and Johnson Creek's average salary at the benchmarks continued to grow. The gap was narrowed in the first year of this contract because of the substantial salary increase that was part of the agreement.

The Association acknowledges that there is no difference in benchmark rankings between it's offer and the District's offer. No benchmark would be returned to it's rank in 1987-88. But there is still a difference in dollar improvement at each ranking between the two final offers.

The Association points out that although the District's offer is \$200 more than the settlement pattern in the comparable districts for 1992-93, it is an illusory gain. The District is taking back more money from the teachers as a result of it's health care proposals than it is giving in the salary increase.

When the health insurance contribution is taken into consideration, the difference between salary of the teachers in the District, and the comparable district average, would decline under the District's proposal. Effectively, the District's offer takes back the salary increase it proposes by increasing the out of pocket health care expense the teachers must pay. What is put in pocket as pay, it removes __ and then some __ as health insurance premium cost.

"Continuing Program Improvement" policies or "catch-up" salary policies require the District to raise salary levels for teachers in order to get to the mid-point of the comparable schools. From 1987-88 to 1990-91, the Districts teacher contract settlements were below the average settlement for the athletic conference. For the four year period, they were in aggregate, \$1567 under the conference average. Finally, in 1991-92, the District and Association had a contract settlement that provided a salary increase that was \$195 above the average for the comparables.

For several years, the Association did not press the salary issue because of concerns both it and the District had over the potential for legislatively enacted cost controls. The offer of both parties this contract year exceeds the conference settlement pattern for 1992-93 and doubles the consumer price index (CPI). It is disingenuous for the District to argue that the Association's offer exceeds the CPI since the bargaining history of the District justifies catch up pay and the amount in it's own offer also increases the salary of the teachers beyond the CPI.

The public interest in the Johnson Creek District is best served by maintaining a quality professional staff at the schools and paying them salaries appropriate for their skills. Johnson Creek is able to pay the higher salary proposed in the Association's final offer. Within the athletic conference, Johnson Creek has had the highest state aid per pupil for the past three years. It has had the second highest increase in equalized valuation. It went from last in equalized valuation, in an athletic conference of eight school districts, to fifth place in 1991-92. It's tax rate levy declined from the third highest to the fourth highest during the contract period.

The District's final offer is flawed by a major inequity. All full time teachers are required to make a contribution to the health insurance. A part time teacher who is single, has his or her health cost paid entirely by the District.

The past bargaining history of Johnson Creek has resulted in the teachers being paid slightly lower wages, which are offset by a slightly better benefit package. That historic pattern is abandoned in the District's final offer. Now the District is offering the lowest percentage payment of the cost health insurance of any of the comparable districts. It has offered no evidence that shows that requiring a contribution from employees will result in lower health insurance costs.

The District is seeking a major change in the relationship between the parties but is offering no "quid pro quo". The District's salary offer is more than offset by increase in cost for health insurance that the teachers must pay. If the salary increase were considered a "quid pro quo", it is clearly insufficient to justify the change that is being proposed. A "quid pro quo" must be adequate in order to be seriously considered. A salary increase, which is taxable, must be substantially higher than the non-taxable fringe benefit being lost for the status to remain equal. In order for it to be equitable, and to offset the taxes that must be paid it would have to be a much larger increase.

The Association objects to the District's reliance on a proposed change in the statutes. The arbitrator may not speculate as to what may happen and a proper award can not be based on guess work. The District has also presented economic information which is inconsistent with the actual state of Wisconsin's economy. Wisconsin has weathered the recession much better than most states. To rely on national statistics, which do not adequately reflect regional facts, is misleading. The data submitted by the District to show settlement information for comparable districts contains incomplete and inaccurate information.

F. POSITION OF DISTRICT

The District's final offer proposed an average salary increase of \$1865 per full time equivalent teacher. This is a 6.1% increase over the prior year. The total compensation increase in it's final offer amounts to 6.3%, or \$2680 per full time equivalent teacher.

This offer follows the first year of this contract, 1991-92, when the District settled for the highest average percentage salary increase in any of the comparable districts. The final offer of the District again provides the highest average percentage salary increase in 1992-93 in any of the comparable school districts.

The fact that a districts salary level is below average, in comparison with other districts, does not necessarily justify a "catch up" salary. The history of prior negotiated settlements only shows what the parties felt was a fair wage in that community at that time. Here, the final offer of the District provides a real increase, above the rate of inflation, and results in an increase in the benchmark rankings of the District compared with other school districts in the athletic conference. In fact, the rankings at the benchmarks will be identical regardless of whether the Association's or District's final offer is accepted.

Total compensation comparison is important in evaluating the final offers. Considering salary alone is not adequate in evaluating comparable districts compensation structure. Reviewing the total compensation paid to teachers is the only fair way in which a fair settlement can be measured. Johnson Creek has had a tremendous increase in the cost of health insurance during the past five years, and that cost can only be measured by consideration of total compensation paid to teachers, not by salary alone. The District's 6.3% total increase is closer to the 6.5% average for the comparables than the Association's 7.1% proposed increase.

Johnson Creek's health insurance premiums are the third highest of the eight comparable schools districts. All are served by the same insurance company. In order to come closer to the conference average, some employee contribution to the cost of the premiums is required. The \$10.00 single employee contribution proposed by the District would result a District premium only \$3.00 below average and the \$25.00 family premium contribution proposed would move the District family cost to \$5.00 below the average for the other comparable schools.

Health insurance premiums have had an astronomical increase in the last several years. There has been a 400% increase for policies covering only one individual and 500% increase for family policies during the past ten years. This massive premium hike must be controlled in order to prevent an undue burden on the school districts. During this same time period the consumer price index rose only 4% per year.

Across the country most public employees are now contributing something to their health insurance premiums. In Johnson Creek, the District cannot continue to pay health insurance premium costs and offer large salary increases simultaneously. With average salary increases of \$1865, a contribution of \$300 from teachers with family policies and \$127.92 from teachers with single policies is not unreasonable. The above average salary increase is the District's "quid pro quo" for the change in the method of paying for the health insurance premiums.

The consumer price index indicates that the cost of living in nonmetropolitan urban areas has increased by 2.6% in 1991-92, and for 1992-93 is increasing at an average annual rate of 3%. The District is offering a 6.1% salary increase and the Association is asking for 6.3%. The Districts offer is clearly closer to the CPI average. When total compensation is compared to the CPI, again the Districts offer is the preferred offer. The Association's offer ignores the economic and political climate currently in existence in Wisconsin.

When the final offers are compared to private sector contracts in 1992 and 1993, the District's offer of 6.1% is far greater than the 3.1% and 2.8% contract wage increase figures for those years that were provided by the U.S. Department of Labor.

The interest of taxpayers must also be considered. While the Johnson Creek could afford either of the offers, the burden on the taxpayers is not without limits. Wisconsin is one of only two states where the average salary of a public school teacher is above the U.S. average for teachers and while the per capita income is below the U.S. average. Johnson Creek is one of the poorest districts in the comparable group. The residents have the second lowest taxable income. The District has the lowest equalized property value per student of all the comparable districts. The value of property per pupil actually decreased in 1991-92. At the same time the District has the second highest cost per pupil, and the second highest salary and fringe benefit cost per pupil among the comparison group.

The District strongly objects to the Association's attempt to offer statewide comparisons. It is clear from all arbitrable authority that geographical and size limits have traditionally been used in comparisons. The athletic conferences have met those criteria and should be relied on in this case.

All these facts support the Districts argument that the 6.1% increase that it proposed is the more reasonable of the two final offers. The proposal will result in a 13.7% salary increase in the two years of the labor agreement. The small contribution sought from workers for health insurance costs is not unreasonable under those circumstances.

G. QUESTION TO BE DECIDED

The question to be decided is "Which of the two final offers most closely reflects the criteria set forth in Wis. Stats. 111.70 (4)(cm)?" That offer will be incorporated into the 1991-93 labor agreement between the parties.

H. DETERMINATION OF COMPARABLE COMMUNITIES

Both parties concur that the previously used comparable school districts should be used in this dispute. The other seven districts in the Eastern Suburban Athletic Conference have been used in arbitration cases in the past. The districts are Cambridge, Deerfield, Dodgeland, Hustisford, Marshall, Waterloo, and Williams Bay. All the districts except Hustisford and Dodgeland have settled their 1992-93 labor agreements and have established salary schedules for their teachers.

I. DECISION

Wis. Statute 111.70 (4)(cm) sets out the criteria that must be weighed by an arbitrator in an interest dispute. Although the statute has been changed by the legislature as part of the budget agreement passed in July of 1993, the changes do not effect this proceeding. The major differences in the parties final offers will be discussed separately.

1. Salary Proposals

The statute requires that the wages, hours and conditions of work of teachers in a specific district be compared with those of teachers in other similar districts. Comparisons here will be with other teachers working in districts in the Eastern Suburban Athletic Conference. Most of the schools in those districts serve smaller communities, are part suburban and part rural, and are located in an area ten to fifty miles east of Madison. Only Williams Bay, which serves an affluent resort community, and is farthest away from Madison, does not share those demographic characteristics. An equalized valuation per student which is three to four times higher than the other districts demonstrates the affluent nature of that district.

Although salary is not the only component to be considered in evaluation of final offers, it is one of the most significant. Salary schedules are generally evaluated in arbitration proceedings by examining seven traditionally recognized "benchmarks" to compare relative salaries. In this case, information regarding the "BA maximum" benchmark shows that Johnson Creek has only five steps in the progression to the maximum salary. This is many fewer steps than found in the comparable schools. The Association has argued that the BA maximum benchmark should be ignored because a change in the teacher certification law now requires continuing education for all teachers.

The final offers for 1992-93 provided a benchmark salary as follows:

1992-93 BENCHMARK SALARY

<u>BA MIN</u>		<u>BA 7TH</u>		<u>BA MAX</u>	
1. Waterloo	\$21,641	1. Wil.Bay	\$27,001	1. Wil.Bay	\$33,702
2. Marshall	21,600	2. Marshall	26,784	2. Deerfield	31,642
3. Deerfield	21,367	3. Waterloo	26,051	3. Cambridge	31,081
4. Wil. Bay	21,263	4. Deerfield	25,035	4. Marshall	30,240
5. <u>Cambridge</u>	<u>20,548</u>	5. <u>Cambridge</u>	<u>24,535</u>	5. <u>Waterloo</u>	<u>28,991</u>
Average	21,284		25,881		31,131
Asso.	21,000		24,345		24,345
District	20,960		24,298		24,298

<u>MA MIN</u>		<u>MA 10TH</u>		<u>MA MAX</u>	
1. Marshall	\$25,056	1. Marshall	\$32,832	1. Wil.Bay	\$38,847
2. Deerfield	24,905	2. Wil.Bay	32,575	2. Cambridge	38,598
3. Waterloo	24,216	3. Waterloo	31,506	3. Marshall	37,152
4. Wil.Bay	23,963	4. Deerfield	30,601	4. Waterloo	36,366
5. <u>Cambridge</u>	<u>23,352</u>	5. <u>Cambridge</u>	<u>30,469</u>	5. <u>Deerfield</u>	<u>35,180</u>
Average	24,298		31,596		37,229
Asso.	24,308		31,716		36,768
District	24,261		31,656		36,698

<u>SCHED MAX</u>	
1. Cambridge	\$42,485
2. Wil.Bay	40,647
3. Marshall	39,744
4. Waterloo	38,586
5. <u>Deerfield</u>	<u>38,561</u>
Average	40,005
Asso.	39,908
District	39,831

In several instances the District and Association figures did not match --- the lowest figure then was used

Both offers provide identical ranking for all the benchmarks among the comparable school districts. The Johnson Creek School District would rank as fifth out of six for the "BA Minimum" and "BA 7th" categories under both the Association and District offers. It would rank third in the "MA minimum", "MA 10th", and "Schedule maximum" categories, and fourth in the "MA maximum" category. In the "BA maximum" category, with its unusual five step progression, it ranks last. The District would rank above the average for the comparable districts only in one benchmark, "MA 10th".

The first year of this labor agreement, which was agreed to by the parties, provided a salary schedule that compared with the other districts in the athletic conference as follows:

1991-92 SALARY SCHEDULE

<u>BA MIN</u>		<u>BA 7TH</u>		<u>BA MAX</u>	
1. Dodgeland	\$21,650	1. Dodgeland	\$27,496	Information was not submitted	
2. Hustisford	21,186	2. Hustisford	26,741		
3. Marshall	20,600	3. Wil. Bay	25,790		
4. Waterloo	20,600	4. Marshall	25,544		
5. Deerfield	20,535	5. Waterloo	24,920		
6. Wil. Bay	20,307	6. Deerfield	24,060		
7. <u>Cambridge</u>	<u>20,070</u>	7. <u>Cambridge</u>	<u>23,965</u>		
Average	20,566		25,213		
Johns. Cr.	20,000		23,185		
<u>MA MIN</u>		<u>MA 10TH</u>		<u>MA MAX</u>	
1. Dodgeland	\$24,248	1. Dodgeland	\$34,068	1. Dodgeland	\$38,433
2. Deerfield	23,935	2. Hustisford	33,104	2. Cambridge	37,700
3. Marshall	23,896	3. Marshall	31,312	3. Hustisford	37,365
4. Hustisford	23,516	4. Wil. Bay	31,231	4. Wil. Bay	37,222
5. Waterloo	23,100	5. Waterloo	30,255	5. Marshall	35,432
6. Wil. Bay	23,007	6. Cambridge	29,761	6. Waterloo	35,017
7. <u>Cambridge</u>	<u>22,809</u>	7. <u>Deerfield</u>	<u>29,410</u>	7. <u>Deerfield</u>	<u>33,810</u>
Average	23,458		31,168		36,251
Johns. Cr.	23,150		30,206		35,017
<u>SCHED MAX</u>					
1. Cambridge	\$41,496				
2. Dodgeland	41,473				
3. Hustisford	40,142				
4. Wil. Bay	39,022				
5. Marshall	37,904				
6. Waterloo	37,200				
7. <u>Deerfield</u>	<u>37,060</u>				
Average	39,038				
Johns. Cr.	38,007				

Johnson Creek continued to be below the average after the first year, in all benchmarks, even with the substantial increase in teacher salaries. It ranked last in the BA minimum and the BA 7th benchmarks. It ranked fifth in the other four categories. Dodgeland and Hustisford, two districts that are found on the top of the schedule in most categories are not yet settled for 1992-93. The 1991-92 salary schedule and both of the final offers appear to keep the Johnson Creek District near the middle in the conference.

This was not always the case. Prior to the 1991-92 schedule, Johnson Creek was at the bottom of the group of comparables. The 1990-91 contract put Johnson Creek in the following relative positions:

1990-91 SALARY SCHEDULE

<u>BA MIN</u>		<u>BA 7TH</u>		<u>BA MAX</u>
1. Dodgeland	\$20,700	1. Dodgeland	\$26,289	Information was not submitted
2. Hustisford	20,150	2. Hustisford	25,433	
3. Waterloo	20,100	3. Marshall	24,552	
4. Marshall	19,800	4. Wil. Bay	24,467	
5. Wil. Bay	19,265	5. Waterloo	24,240	
6. Deerfield	19,010	6. Cambridge	22,627	
7. <u>Cambridge</u>	<u>18,950</u>	7. <u>Deerfield</u>	<u>22,535</u>	
Average	19,588		24,069	
Johns. Cr.	18,735		22,410	

<u>MA MIN</u>		<u>MA 10TH</u>		<u>MA MAX</u>	
1. Dodgeland	\$23,184	1. Dodgeland	\$32,574	1. Dodgeland	\$36,747
2. Marshall	22,968	2. Hustisford	31,485	2. Cambridge	35,595
3. Waterloo	22,475	3. Marshall	30,096	3. Hustisford	35,538
4. Deerfield	22,410	4. Wil. Bay	29,767	4. Wil. Bay	35,451
5. Hustisford	22,366	5. Waterloo	29,315	5. Marshall	34,056
6. Wil. Bay	21,965	6. Cambridge	28,100	6. Waterloo	33,875
7. <u>Cambridge</u>	<u>21,537</u>	7. <u>Deerfield</u>	<u>27,885</u>	7. <u>Deerfield</u>	<u>32,285</u>
Average	22,249		29,734		34,550
Johns. Cr.	21,090		28,650		32,850

<u>SCHED MAX</u>	
1. Dodgeland	\$39,653
2. Cambridge	39,180
3. Hustisford	38,179
4. Wil. Bay	37,251
5. Marshall	36,432
6. Waterloo	35,930
7. <u>Deerfield</u>	<u>35,535</u>
Average	37,198
Johns. Cr.	35,420

Johnson Creek ranked last on all categories except MA 10th, where it ranked sixth. This justified a "catch up" salary schedule in this labor agreement. Even the first year of the "catch up" did not bring the salaries to the midpoint in the athletic conference. More "catch up" might be justified, if there is no other area of offset that brings the teachers some benefit above what other district's teachers receive.

It is a natural and logical consequence of increases in a contract that occur when a "catch up" is required, for that contract to exceed, in both dollar amount and percentage, the settlements made in other districts. There is no question that the District's offer in dollar increased is generous. It comes closer to the average dollar increases in comparable districts. But Johnson Creek had much farther to go to get to a middle ranking in the athletic conference. These proposals, both the District's and the Association's, do not put it out of line, or beyond the midpoint of the conference.

Even for the 1992-93 school year, of the six benchmark categories, Johnson Creek would be above the average of the settled districts in only two of the categories, under both the Association and the District final offers. It still would likely be below average under either offer as a whole.

When salaries alone are evaluated, the final offer of the Association comes closer to meeting the statutory criteria. Therefore the Association's final offer is preferred as to this criteria.

2. Health Insurance

Health insurance premiums have been the major cost increase area for employers during the past decade. These cost increases have far outstripped the rate of the consumer price index. Some employers, in an effort to control these costs, have attempted to shift a portion of the cost to the employees. The hope, apparently, is that employees who help pay the price will make more sparing use of the product, and thus reduce the experience and, ultimately, the cost. The District is seeking to do some cost shifting in it's final offer.

Health insurance costs are the major component of the "other compensation" that is referred to in the statute. When the comparable districts are examined in this case, six of the seven comparable districts in the athletic conference pay 100% of the health insurance costs for single persons. Five pay 100% for family coverage. More of the Districts pay a percentage similar to the percentage figure in the Association's final offer.

The final offer of the District is \$4.47 cents per month below the average for single coverage and \$11.04 below average for family coverage. The Association's offer is \$6.19 and \$13.96 above the average for the same groupings. When the dollar amount is considered, the Districts offer is closer to the average of comparable districts.

The Association makes a significant point when it shows that full payment of health insurance is a non-taxable benefit to the employee. An employee would have to earn an amount significantly larger than what they are expected to pay for their portion of the insurance costs in order to remain where they were financially before the payment. The impact of the reallocation is broader than it first appears.

The health insurance cost for comparable districts for 1992-93 show the following distribution:

HEALTH INSURANCE COMPARABLES
1992-93 DISTRICT PAYMENTS

<u>District</u>	<u>Single</u>	<u>Percent</u>	<u>Family</u>	<u>Percent</u>
Cambridge	\$164.70	100.0%	\$422.28	95.0%
Deerfield	175.58	100.0	450.12	100.0
Dodgeland	183.46	100.0	471.50	100.0
Hustisford	172.22	100.0	442.64	100.0
Marshall	173.30	100.0	442.56	100.0
Waterloo	174.18	94.3	450.84	95.6
<u>Williams Bay</u>	<u>193.42</u>	<u>100.0</u>	<u>497.78</u>	<u>100.0</u>
Average	176.69	99.2	453.96	98.8
Association	182.88	100.0	467.92	100.0
District	172.22	94.2	442.92	94.7

The expenses for health insurance in the last year of the prior contract do not show that the average costs to of the District was greater than the costs to any of the other comparable districts. In fact it shows the opposite is true. Johnson Creek spent considerably less than the average policy for other districts. That advantage has now disappeared, but the table below indicates that the District did benefit from cheaper health insurance costs in past years.

Health Insurance Comparable
1990-91 DISTRICT PAYMENTS

Cambridge	\$135.46	100.0%	\$352.44	95.0%
Deerfield	141.28	100.0	364.22	100.0
Dodgeland	193.62	100.0	483.53	100.0
Hustisford	148.24	100.0	385.34	100.0
Marshall	142.30	100.0	366.06	100.0
Waterloo	148.22	100.0	386.78	100.0 (minus \$5)
<u>Williams Bay</u>	<u>153.40</u>	<u>100.0</u>	<u>397.92</u>	<u>100.0</u>
Average	151.80		390.90	
Johnson Creek	133.04	100.0	335.81	100.0

The final offer of the Association is preferable to the final offer of the District as to the health insurance component.

3. Total Compensation

The statute also provides that the total compensation paid to the teachers as compared to other teachers is one of the criteria considered in evaluating the final offers. Health insurance is a major part of total compensation.

This arbitrator agrees with Arbitrator Sherwood Malamud in the Reedsville School District, Decision No 22935-A, when he rejects a salary only view of a settlement. Clearly, there are differences in fringe benefits among districts. A "total package" approach is preferable. That total compensation package must be based on the total compensation that the teachers will receive when the offer is adopted, not merely the increase in total compensation that is proposed.

Data was not provided showing total compensation in the past or for 1992-93 for some of the comparable districts. The absence of that data makes it difficult to give the appropriate weight to total compensation. Based on the limited data presented, Johnson Creek, when compared to other districts for which information was provided, ranks in the following manner:

TEACHER TOTAL COMPENSATION

<u>District</u>	<u>1990-91</u>	<u>1991-92*</u>	<u>1992-93</u>
Cambridge			
Deerfield	\$38,992	\$42,132	\$43,665
Hustisford	40,616	43,031	
Marshall			
Waterloo	39,925	42,636	44,577
<u>Williams Bay</u>	<u>42,491</u>	<u>45,354</u>	<u>48,139</u>
Average	40,506	43,288	45,427
Johnson Creek	38,981	42,504	
District			45,448*
Association			45,782*

* The total compensation figures used above come from District exhibits 4, 5, 13A, and 13B. The figures as to the 1991-92 total compensation are inconsistent within the documents.

Johnson Creek was below average for the two prior years among the comparable districts where evidence was submitted. In 1992-93, under both final offers it moves above the average. The final offer of the District is closer to the average and, therefore, under the total compensation criteria, the District offer is preferable.

4. Cost of Living

The final offers of both parties far exceed the consumer price index for nonmetropolitan urban areas. That index rose 2.6% for 1991-92 and is increasing at an annual rate of 3% for 1992-93. The offer of the District, both as to salary and total compensation is closer to the index, and therefore, under that criteria is preferred. Because that other information shows that the contract in this case involves a "catch up" situation, this factor is relatively insignificant. "Catch up" generally requires exceeding the cost of living percentage.

5. Other factors.

The village of Johnson Creek had the lowest valuation per pupil of all the comparable districts in 1991-92. It also was one of the two districts in which the valuation decline from the 1990-91 year. It is substantially below average. In addition, Johnson Creek had the second highest levy rate of all the districts in the athletic conference. The comparisons of the districts show as follows:

VALUATION PER PUPIL AND LEVY RATE

<u>District</u>	<u>1990-91</u>	<u>1991-92</u>	<u>Levy Rate</u>
Cambridge	145,578	154,139	20.67
Deerfield	133,934	134,018	18.22
Dodgeland	139,472	139,774	18.02
Hustisford	178,042	190,492	24.77
Marshall	133,673	133,110	16.04
Waterloo	153,619	157,812	17.72
<u>Williams Bay</u>	<u>624,327</u>	<u>645,525</u>	<u>10.26</u>
Average	215,529	222,124	17.97
Johnson Creek	125,369	124,636	21.26

When the per pupil valuation of the community is considered, along with the Levy Rate, the final offer of the District is preferred.

J. AWARD

When all the factors are considered the final offer of the Association narrowly becomes the preferred choice. This is a district in which a "catch up" salary schedule was necessary in order to be comparable with other districts. This resulted in both offers both far above the consumer price index. Johnson Creek was at the bottom of most categories in the salary schedules prior to the first year of this two year contract. This was also reflected in the total compensation figures. The health insurance costs paid by the District were not as high as or in excess of the costs paid by the other districts, and therefore did not justify a lower salary as an offset.

Although Johnson Creek is a poorer district based on its property value per student, that fact, standing alone, does not justify omitting the final steps in the "catch up" pay increase.

The 1992-93 labor agreement of the Johnson Creek School District will incorporate the provisions of the final offer of the Johnson Creek Education Association.

Dated at Milwaukee, Wisconsin,
this 5th day of August, 1993

FREDERICK P. KESSLER
Arbitrator