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PUBLIC EMPLOYEE
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AWARD

In the Matter of:)
)
 Hubbard-Radcliffe Community Schools,)
 Public Employer)
) Micheal L. Thompson
 and)
) Arbitrator
)
 Hubbard Radcliffe Education Association)
 Public Employee Organization)
)

Appearances:

For the Employer:

Patricia Heinz, Superintendent
Deb England, Business Manager and Board Secretary
Keith England, President

For the Public Employee Organization:

Jason Enke, UniServ Director
Stuart Sanders, Association Negotiator
Paul Miller, Association Negotiator

STATEMENT OF JURISDICTION

The matter proceeds to an interest arbitration hearing pursuant to the Iowa Code (Public Employment Relations Act, Chapter 20). The above named Arbitrator was selected from a list furnished to the parties by the Public Employment Relations Board. An interest arbitration hearing was held on June 15, 2016 at 5:00 p.m. in Radcliffe, Iowa and closing statements were submitted at the hearing. The hearing was electronically recorded. At the hearing the parties were given the full opportunity to introduce evidence, facts, and arguments in support of their respective positions. Upon the basis of the evidence, facts, and arguments presented, the following award was made.

STATEMENT OF THE ISSUE

At the hearing, the Association reported that bargaining and negotiations between the Hubbard Radcliffe Community School District and the Hubbard-Radcliffe Education Association for the school year 2016-17 culminated in an impasse with respect to wages. The issue at impasse is wages – the Association seeks an increase on the BA base of \$1095 meaning that the BA base will be \$38,247. This increase creates a total package of \$2,401,938 which is a total increase of \$96,040. This increase is calculated at 4.16%. The District package increase is calculated at \$900 which would move the BA base to \$38,052 which would culminate in a total package of \$2,393,507 or an increase of \$87,610. This increase is calculated at 3.80%. The difference in the proposals is \$8,430. The Association contends its proposal is most reasonable because the District has the ability to pay, and the increase advocated by the teachers will not have any impact on taxes. Finally, the Association argues that the teachers' proposal on salaries is in line with salaries of other members of its comp group – North Iowa Cedar League Athletic

The District reports that it is at impasse with the Association because its offer is most reasonable because it continues to face uncertainty with respect to its budget because of fluctuations in student population based upon open enrollment which has reduced income for the district. In addition, the District argues that its offer is well beyond the state average for teachers, and when this is

combined with comparability, the \$900 increase offered by the District is most reasonable. Finally, the District argues that its new money is limited, and that the teacher proposal would spend beyond what is available thus limited other needs of the District.

CRITERIA APPLIED IN MAKING AWARDS

The Iowa Public Employment Relations Act contains criteria that are to be used by an arbitrator in judging the reasonableness of the parties' collective bargaining proposals. The Act establishes the criteria that are to be used by interest arbitrators in formulating awards. Section 22.9 of the Act provides, in relevant part:

The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- A. Past collective bargaining contracts between the parties, including the bargaining that led up to such contracts.
- B. Comparison of wages, hours, and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- C. The interests and welfare of the public, the ability of the public employer to finance economic adjustment, and the effects of such adjustments on the normal standard of service.
- D. The power of the public employer to levy taxes and appropriate funds for the the conduct of its operation.

With the criteria mandated for arbitrators firmly in mind and based upon the entire record developed at the hearing, the award contained in this report is formulated.

POSITIONS OF THE PARTIES

ASSOCIATION

The Association argues that this is not an inability to pay situation, as the District has the ability to pay. Further, the Association contends that the new money (funding from the State on an annual basis – Regular Program Increase) is \$139,698 which is a 4.9% increase. The Association asserts this will cover the pay increase of \$96,040, and this does not even consider the unassigned fund balance carried over. Moreover, the Association notes that the District received a cash reserve levy in 2015-16 which increases the cash reserve, and that when this is coupled with the unspent balance, the District will not face any financial difficulties. Finally, the Association notes that the salary increase of 4.16% is consistent with the 4.9% increase, and the District will not need to increase taxes to meet the increase.

Besides the raw numbers, the Association notes that the teachers have not fared well when salaries are compared with the teachers in historic comparability group (North Iowa Cedar League Athletic Conference). The Association asserts that teachers are behind in average salaries as well as when they progress through the salary schedule.

On another level, the Association suggests that the District has made budget decisions that promote budget growth in other areas – instructional costs are lower for teachers than others in the comparability group, even though the District is growing. The Association also notes that the District's solvency level is exceptional, and that this increase will not place the district in jeopardy.

EMPLOYER

The Employer asserts that the increase asked by the Association is not reasonable as it would take a major portion of the new money available. The District notes that this money is used to fund all positions not just teachers. The Employer argues that its goals are to keep the District stable and to reduce the uncertainty associated with providing education in a rural school district. Much of the uncertainty stems from two factors beyond the District's control – open enrollment that allows

students to enroll in other districts which costs the district losing the students, and other costs associated with maintaining the integrity of the district.

The Employer argues that its offer is greater than the state average of 3.47, and further that the offer will maintain the teacher's pay -- they will not lose ground. With this distribution, the District will continue to add teacher FTE's and provide new construction as needed. This includes technology purchases as well as other equipment. The Employer asserts that its teachers have base salary that is favorable to other districts in the county and com group. Moreover, the Employer is confident that its base is comparable with other districts throughout the state. Given these conditions, the District asserts that its offer of a base increase of \$900 is sufficient.

STIPULATIONS

At the hearing the parties did not stipulate exhibits although they acknowledged they were using common exhibits such as the Master Contract

BACKGROUND

Radcliffe-Hubbard Community School District and the Radcliffe-Hubbard Education Association have a long history of negotiations as the Association was certified in 1993. This is the second time the parties have used impasse services since the merger of the two districts. The District is in north central Iowa and is a member of the NICL Athletic Conference. This conference has served as the comparability grouping for this case. The District is a rural district which has experienced growth and increased financial aid from the state. The Employer has managed the economics situation through sharing agreements and maintenance of the facilities. The District has experienced significant enrollment increases which have generated increased state funding. These increases are somewhat mitigated by losses in student population due to open enrollment. However, it is clear that the Employer is economically viable.

The current contract is for the 2016-17 school year.

The core issue in this arbitration is money which is reflected in the final offers – a \$900 increase offered by the District versus an increase of \$1095 requested by the Association. Note, however, that the Employer asserts that a step increase of \$960 will also be paid to those employees that are eligible.

DISCUSSION

The Employer and Association were ably represented. The advocates asserted their respective arguments. The Arbitrator's job is to weigh the evidence submitted and consider the arguments of each party. What is clear is that the Employer has managed the economic situation adroitly over a number of years. The District has managed the economic system in a constructive manner. The Employer has offered a wage increase that exceeds the state average. It has based its offer on a comparison with the state average. The Association has taken a different approach – it has reviewed the comparability with the historical grouping as well as the district's ability to pay. The Association clearly sees this situation from the "ability to pay" lens. In this regard, it is clear that the District has the ability to pay. It is also clear that neither offer will have an impact upon the District's tax situation – it will not increase taxes. The third prong is comparability – in this regard it is more of a mixed bag – the District notes that the starting base is high when compared to others in comp group, but when salaries are averaged out it is not significant. The final prong is past contracts, and the Association contends that the settlement trend supports an above average settlement. While the District made constructive arguments, it did not address all of the criteria of interest arbitration. Given these findings, the Arbitrator ascertains that the Association has met the burden, and it is ordered that the base be increased by \$1095 which represents a 4.16 total package settlement.

AWARD

The Arbitrator finds for the Association, and orders an increase of \$1095 which represents a 4.16%.

Dated and signed by:

Micheal L. Thompson, Arbitrator

6-27-16



Certificate of Service

I certify that on the 27th day of June, 2016, I served the foregoing Arbitration Award upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

P. J. Heinz, Superintendent
Hubbard-Radcliffe
501 Isabella Street
Radcliffe, Iowa 50230

Jason Enke, UniServ Director
ISEA
808 US Highway 18
Clear Lake, IA 50309

I further certify that on the 27th day of June, 2016, I will submit this report for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, Iowa 50319.

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