

IN THE MATTER OF THE INTEREST ARBITRATION

Between

EMPLOYER / BOARD

North Butler Community School District
Allison, Iowa ¹

And

UNION / ASSOCIATION

North Butler Education Association; ISEA / NEA ²

IA PERB Case No. 160 / 2

IMPASSE ISSUES

1. Salary Schedule - Base Salary
2. Supplemental Salary Schedule
3. Health Insurance

FINDINGS & AWARD

PRELIMINARY INFORMATION

REPRESENTATION – APPEARANCES

EMPLOYER / BOARD

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UNION / ASSOCIATION

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ARBITRATOR

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PUBLIC EMPLOYMENT
RELATIONS BOARD

¹ Allison, Iowa is the location of the District's Administrative Offices.

² North Butler Education Association is an affiliate of the Independent Union, Iowa State Education Association (ISEA) / National Education Association (NEA). ISEA / NEA were certified by the Iowa Public Employment Relations Board (PERB) November of 1975, as the exclusive and sole bargaining representative for all personnel as set forth in the PERB certification instrument – Case No. 295 (Jt.Ex.1).

LOCATION OF HEARING

North Butler Middle School Library
513 Birch Street
Allison, Iowa 50602
(319) 267-2205

AUTHORITY TO ARBITRATE

Iowa Code
Title I State Sovereignty and Management
Subtitle 8 Personnel
Chapter 20 Public Employment Relations
(Collective Bargaining)
20.22 Binding Arbitration

PRESENT FOR THE BOARD

Terry Kenealy
Superintendent ,
North Butler Community Schools

Noreen Wiegman
Business Manager

PRESENT FOR THE ASSOCIATION

Beth Myers
ISEA

Jon Studer
ISEA
Certified Public Accountant

OBSERVERS

PRESENT FOR THE BOARD

Eric Bixby
School Board President

Scott Bruns
School Board Member

Troy Feldman
School Board Member

PRESENT FOR THE ASSOCIATION

Isaac Almelien
High School Math Teacher

Mari Cramer
1st Grade Teacher

Joseph Goodrich
High School Social Science Teacher

Patti Hagen
2nd Grade Teacher

OBSERVERS (Continued)**PRESENT FOR THE BOARD****PRESENT FOR THE ASSOCIATION**

Wendy Hansen
Kindergarten Teacher

Mary K. Hanson
FCS

Pam Jacobson
4th Grade Teacher

Michelle Juhl
2nd Grade Teacher

Roxanne Landers
Pre-Kindergarten

Melissa Lindamen
3rd Grade Teacher

Jennifer Miller
6th – 8th Grade Math Teacher

Travis Miller
4th Grade Teacher

Renee Salge
High School Special Ed Teacher

Kim Sherburne
Kindergarten Teacher

Kristin Sherburne
Elementary Special Ed Teacher

Leona Shima
3rd Grade Teacher

Christie Ubben
Teacher

RELEVANT DOCUMENTATION

2013 Iowa Code Title I, Subtitle 8, Chapter 20, §20.22 Binding Arbitration

1. If an impasse persists ten days after the mediator has been appointed, the board shall have the power, upon request of either party, to arrange for arbitration, which shall be binding. The request for arbitration shall be in writing and a copy of the request shall be served upon the other party.
2. Each party shall serve its final offer on each of the impasse items upon the other party within four days of the board's receipt of the request for arbitration. The parties may continue to negotiate all offers until an agreement is reached or an award is rendered by the arbitrator. The full costs of arbitration under this section shall be shared equally by the parties to the dispute.
3. The submission of the impasse items to the arbitrator shall be limited to those items upon which the parties have not reached agreement. With respect to each such item, the arbitrator's award shall be restricted to the final offers on each impasse item submitted by the parties to the arbitrator.
4. Upon the filing of the request for arbitration, a list of five arbitrators shall be served upon the parties by the board. Within five days of service of the list, the parties shall determine by lot which party shall remove the first name from the list and the parties shall then alternately remove names from the list until the name of one person remains, who shall become the arbitrator. The parties shall immediately notify the board of their selection and the board shall notify the arbitrator. After consultation with the parties, the arbitrator shall set a time and place for an arbitration hearing.
5. The arbitrator shall at no time engage in an effort to mediate or otherwise settle the dispute in any manner other than that prescribed in this section.
6. From the time the board notifies the arbitrator of the selection of the arbitrator until such time as the arbitrator's selection on each impasse item is made, there shall be no discussion concerning recommendations for settlement of the dispute by the arbitrator with parties other than those who are direct parties to the dispute.
7. **The arbitrator shall consider, in addition to any other relevant factors, the following factors:** *(emphasis by the Arbitrator)*
 - 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 adjustments and the effect of such adjustments on the normal standard of services.

d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

8. The arbitrator may administer oaths, examine witnesses and documents, take testimony and receive evidence, and issue subpoenas to compel the attendance of witnesses and the production of records. The arbitrator may petition the district court at the seat of government or the county in which the hearing is held to enforce the order of the arbitrator compelling the attendance of witnesses and the production of records.

9. The arbitrator shall select within fifteen days after the hearing the most reasonable offer, in the arbitrator's judgment, of the final offers on each impasse item submitted by the parties.

10. The selections by the arbitrator and items agreed upon by the public employer and the employee organization, shall be deemed to be the collective bargaining agreement between the parties.

11. The determination of the arbitrator shall be final and binding subject to the provisions of section 20.17, subsection 6. The arbitrator shall give written explanation for the arbitrator's selections and inform the parties of the decision.

Chapter 20 Public Employment Relations (Collective Bargaining) § 20.17
Procedures, Subsection 6

A collective bargaining agreement or arbitrator's award shall not be valid or enforceable if its implementation would be inconsistent with any statutory limitation on the public employer's funds, spending or budget or would substantially impair or limit the performance of any statutory duty by the public employer. A collective bargaining agreement or arbitrator's award may provide for benefits conditional upon specified funds to be obtained by the public employer, but the agreement shall provide either for automatic reduction of such conditional benefits or for additional bargaining if the funds are not obtained or if a lesser amount is obtained.

The North Butler Community School District, hereinafter Employer or District is a newly reorganized school district that combined the former school districts of Greene Community schools and Allison-Bristow Community schools following a special election by the voters residing in those school districts in September of 2010. Subsequently, the new District, comprised of 211 square miles located in Butler County and a portion of Floyd County in northeast Iowa and includes the cities of Allison, Bristow and Greene, as well as, unincorporated land in Butler and Floyd Counties, became effective as of July 1, 2011. The District exercises administrative control over a total of four (4) schools, to wit: 1) a 9-12 High School and 2) a PreK-4 Elementary School both located in the City of Greene; 3) a 5-8 Middle School and 4) a PreK-4 Elementary School both located in the City of Allison. Currently, the District is governed by a seven (7) member Board of Education that will be reduced to a five (5) member Board by September of 2015. That five (5) member Board will be composed of two (2) members from the former Greene Community School District, two (2) members from the former Allison-Bristow Community School District and one (1) member selected at-large. All Board Members are selected by a majority vote of the voters residing in the entire district.

The North Butler Education Association (NBEA), hereinafter Association or NBEA, was certified by the Iowa Public Employment Relations Board (PERB) by Certification Instrument No. 8599 dated December 28, 2012, as the sole bargaining representative for all full-time and regular part-time professional employees, including classroom teachers, guidance counselors, librarians and nurses; excluding, Superintendent, building principals, teacher aides, secretaries, custodians, bus drivers, cooks, bus mechanics and substitutes, and all others excluded by Section 4 of the Act (Jt.Ex.1).³ Of the District's 112 employees, the bargaining unit comprises 54 full-time employees and one (1) part-time employee. Of this total, 52 are teachers, one (1) Guidance Counselor, one (1) Librarian aka Media Specialist, and one (1) part-time nurse (50% of a full-time equivalent). A salary schedule submitted by the District for the coming 2013-2014 Academic year (Bd.Ex.5) reflects a total number of teachers of 53.

The School District and the Education Association together hereinafter the Parties, negotiated an initial collective bargaining agreement covering the two (2) academic years, 2011-2012 and 2012-2013 (Jt.Ex.1). The Parties reached impasse on the three (3) identified items (see page 1 of this document) while bargaining for the successor collective bargaining agreement covering the upcoming one (1) academic year, 2013-2014. The Association notes this is the first time the Parties have utilized the impasse services of an arbitrator since merging the Allison-Bristow and Greene Community School Districts into the North Butler Community School District.

³ As a result of the consolidation of the Greene and Allison-Bristow Community School Districts into the North Butler Community School District, the North Butler Education Association was formed by consolidation with the Greene Education Association that had been certified by PERB through Certification Instrument No. 295 dated November 4, 1975 and the Allison-Bristow Education Association that had been certified by PERB through Certification Instrument No. 7939 dated October 10, 2007.

As noted by the Parties and specified by the applicable State Statute referenced in pertinent part on pages 4 and 5 of this document, in determining which of the final offers presented by the Parties, on an item by item basis, shall be deemed by the Arbitrator to be the more or most reasonable offer, the Arbitrator is obligated to evaluate the respective offers on the basis of four (4) criterion in addition to any other factors the Arbitrator may deem to be relevant to an individual case. As recognized in all interest arbitration proceedings, the paramount factor of the four (4) specified criterion is **Comparability**; that is, the 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 classifications involved. The Parties here mutually agree that the public employees to which those in the bargaining unit should be compared are those public employees similarly situated in the seven (7) other School Districts which North Butler competes with on a regular basis belonging to the Corn Bowl Athletic Conference. These seven (7) nearby geographically located school districts listed alphabetically are as follows:

CENTRAL SPRINGS

NASHUA-PLAINFIELD

NORTHWOOD-KENSETT

RICEVILLE

RUDD-ROCKFORD-MR

ST. ANSGAR

WEST FORK

Based on enrollment figures derived from an October 2012, official headcount, North Butler ranked fifth in comparison to the other seven (7) comparable districts with an enrollment of 610.0 students. However, when the number of enrolled students among the other seven (7) comparable districts were averaged, it yielded a total of 590.2 students, resulting in a positive difference in enrollment of 19.8 students for North Butler (Assoc.Ex.4). In comparison to student enrollments state wide, of the total of 348 school districts in the state which reside within the statewide total of 99 counties, North Butler ranks 191 in student population.

Again, based on 2012 data, North Butler bargaining unit employees attained an average salary of \$48,400 dollars which ranked it the fourth highest compared to the other seven (7) comparable school districts. St. Ansgar School District ranked the highest with an average salary of \$56,369 and Riceville School District ranked the lowest with an average salary of \$45,425.⁴ When averaging the salary of all eight (8) school districts in

⁴ It is interesting to note there appears to be no strong correlation between a school district's student enrollment population and its average salary. For example, St. Ansgar which has the highest average salary of the seven (7)

average salary of \$45,425.⁴ When averaging the salary of all eight (8) school districts in the Corn Bowl Conference, that figure amounts to \$49,576.25 which is \$1,176.25 greater than the average salary for North Butler. The Conference salary average however, is \$1,506.00 below that of the average salary for the total of all school districts in the state, that average salary computed to be \$51,082.25 (Assoc.Ex.5).

The above comparisons combined with other such comparisons with the school districts comprising the Corn Bowl Conference reflect that North Butler consistently falls in the middle of the other seven (7) school districts.

FINAL OFFERS⁵

SALARY SCHEDULE – BASE SALARY

Introducton

Article 5, Wages and Salaries, Section A, Salary Schedule Base Salary of the expiring 2012-2013 Collective Bargaining Agreement (Jt.Ex.1) provided for the following:

The term “salary schedule base salary” as used in the Agreement, shall mean the employee’s salary according to proper step and lane placement on Schedule A, and shall not include salary for supplemental duties (according to Schedule B).

The 2012-2013 BA Base will be \$36,458 which includes a salary schedule base of \$31,458 run through the index and a \$5,000 flat fee added to each cell. All teachers are quaranteed that they will receive no less than a \$600 increase in salary from the 2011-2012 salary amount (emphasis the Arbitrator)⁶

⁴ It is interesting to note there appears to be no strong correlation between a school district’s student enrollment population and its average salary. For example, St. Ansgar which has the highest average salary of the seven (7) other comparable district’s, ranks fourth in student population just above that of North Butler with 649.1 students whereas, Riceville, with the lowest student population of 291.6 students also has the lowest average salary of \$45,425. The correlation between the two (2) factors that exists for Riceville also holds for the Nashua-Plainfield School District that ranks third for student enrollment with a population of 652.4 students and third for average salary of \$51,175 and North Butler that ranks fifth in student population of 610.0 and fifth in average salary of \$48,400 (Assoc.Exs.4&5).

⁵ In accord with the governing Iowa Code, Title I, Subtitle 8, Chapter 20, §20.22 (3), submission of the impasse items to the arbitrator shall be limited to those items upon which the parties have not reached agreement. With respect to each such item, the arbitrator’s award shall be restricted to the final offers on each impasse item submitted by the parties to the arbitrator.

⁶ A perusal of Salary Schedule A lists a separate index number associated with each step for each of the four (4) salary lanes, to wit: BA; BA+12; BA+24 and MA. The Index for Step 0 on the BA salary lane begins at 1.000 and thereafter increases going down the steps ending at the top Step 18 and an index of 1.428 (Bd.Ex.13).

ASSOCIATION'S PROPOSAL

Increase the Base Salary \$500
to total \$36,958

DISTRICT'S PROPOSAL

Increase the Base Salary \$300
to total \$36,758

SALARY SCHEDULE – SUPPLEMENTAL DUTIES**Introduction**

Article 5, Wages and Salaries, Section B, Supplemental Duties of the expiring 2012-2013 Collective Bargaining Agreement (Jt.Ex.1) provided for the following:

Schedule B Supplemental Duties – Teachers pay for extra-curricular activities and extended contracts will be based on the following percentages of the Teachers Schedule A Salary Step and Lane using a salary schedule base to be run through the index that is \$6,758 less than the current BA Base on Schedule A. Non-teachers will be paid the appropriate percentage of Step 0 of the Schedule B. For 2012-2013 the Extra-Curricular base will be \$36,458 - \$6,758 = \$29,700. No one will make less than they were paid in 2011-2012.

ASSOCIATION'S PROPOSAL

Increase Supplemental pay \$500
to total \$30,200

DISTRICT'S PROPOSAL

No increase in Generator Base, alternatively, various percentage increases would be applied to a teacher's Schedule B Salary Step and Lane (Bd.Ex.2,p4)

HEALTH INSURANCE PLAN**Introduction**

Health insurance coverage along with other insurances set forth in Article 7 of the 2012-2013 Collective Bargaining Agreement (Jt.Ex.1), provides for a "base" plan known as PPO 500 (Preferred Provider Option), wherein the District pays full single premium on behalf of full-time employees.⁷

⁷ According to the District's presentation of this impasse issue, the District also provides the same plan to the District's staff employees, meaning all employees excluded from being members of the Association's bargaining unit.

ASSOCIATION'S PROPOSAL

Retain Base PPO 500 Plan

Deductibles

\$500 / \$1000

Out of Pocket Maximums (OPM)

\$1000 / \$2000

Office Visit CoPay (OV)

\$10

Single Monthly Premium\$517.53⁸**Family Monthly Premium**

\$1293.81

DISTRICT'S PROPOSAL

Change to Base PPO 750 Plan

\$750 / \$1500

\$1500 / \$3000

\$15

\$490.74

\$1226.83

*** Co-insurance would remain at 10% / 20%; Prescription deductible would remain at \$50 / \$100; and Prescription co-pay would remain at \$5 / \$10.**

OVERVIEW

The Association's three (3) proposals represent a **3.71% increase** in costs to the District from the costs incurred in the prior 2012-2013 Collective Bargaining Agreement (Jt.Ex.1) which amounts to a monetary increase to the District of \$126,283.

The District's three (3) proposals represent a **2.65% increase** in costs over and above what it incurred in the 2012-2013 Agreement which represents a monetary increase in spending of \$90,140.

The Association's proposals for the total package, represents spending in the amount of \$3,530,772 as compared to the District's proposals for the total package in the amount of \$3,494,637. The Arbitrator notes that based on these two (2) monetary amounts, the Parties proposals represent a difference of \$36,135 whereas, the difference between the monetary amounts calculated above of \$126,283 and \$90,140 equals \$36,143, the

⁸ In 2012-2013 the monthly premium was \$502.75 but is set to increase by 2.94% for 2013-2014. The \$517.53 includes this upcoming monthly increase of \$14.78.

difference of eight dollars (\$8) most likely due to rounding of monetary sums involved in the calculations.

CONTENTIONS

DISTRICT'S POSITION

While the District does not claim as support for its proposals an inability to pay, it does assert a financial basis for that support. The District asserts the significant financial factor that supports its economic proposals, in the main the two (2) salary proposals, is the "Unspent Balance" component of its school budget. The Unspent Balance component is the difference between a school district's spending authority known as the Maximum Authorized Budget and a school district's actual expenditures. The District asserts a school district cannot legally have a negative Unspent Balance, that is, it is illegal to over expend a district's spending authority. The District notes that unused spending authority (Unspent Balance) does not reference a district's cash on hand. The District informs that since Unspent Balance is a balance and not a recurring revenue source, it should only be used for one-time expenditures and not for recurring expense items such as staff salaries and benefits. The District claims that if a school district's Unspent Balance is trending downwards, the school district experiencing such a trend line must seek initiatives to reverse the trend before it becomes negative. The District explains that over expending revenues over several years can cause an Unspent Balance to "snowball" downwards.

The District notes that over the last five (5) years, it has experienced a downward trend in its Unspent Balance.⁹ Perusal of the District's document titled, "Unspent Authorized Budget Worksheet" (Bd.Ex.20), reveals the following decline in this component of the budget starting with Fiscal Year (FY) 2009 and extending through FY 2013.¹⁰

FY 2009	\$1,550,346	Actual	
FY 2010	\$1,449,080	Actual	-6.5%
FY 2011	\$1,220,251	Estimated	-15.8%
FY 2012	\$1,045,278	Estimated	-14.3%
FY 2013	\$ 477,745	Estimated	-54.3%

⁹ The District did not specify the underlying cause or factors that led to this significant reduction in its Unspent Balance over the last five (5) fiscal years. It is noted however, that the reorganization of the Greene and Allison-Bristow school districts into North Butler may have impacted the District's Unspent Balance as well as the fact that the Regular Program funds received by the District from the State declined by 0.5% in 2008-2009, declined by 1.7% in 2009-2010, declined by 0.1% in 2010-2011, and declined again in 2011-2012 by 0.4% (Assoc.PayEx.5).

¹⁰ The fiscal year begins July 1 and ends June 30.

In an email Memorandum dated December 27, 2012 (half way into FY 2012) from Jeff Berger, Deputy Director, Iowa Department of Education to North Butler Superintendent, Terry Kenealy, pertaining to Unspent Balance projections calculated by the School Budget Review Committee, Department of Education personnel, Kenealy was apprised that those receiving the email Memorandum were to note that projections indicate the district may have a negative unspent balance within two years, if no changes were to be made to the revenue and expenditures trend line (Bd.Ex.21). Subsequent to receiving this email Memorandum, the District's Unspent Balance Fund declined by 68.6% (as noted above). In an effort to reverse this decline, a number of cuts in expenditures were identified and recommended to the District's Board in a document titled, "Budget Adjustment and Reduction Recommendations as of June 30, 2013" (Bd.Ex.24). A total of nine (9) expenditure reductions were identified that amounted to an estimated total of \$407,750. Additionally, at a Special Board Meeting convened June 24, 2013, the Board approved issuing contracts to both classified support staff and administrators for the upcoming 2013-2014 Academic year, both at a zero percent (0%) increase in salary (Bd.Ex.25). The Board maintains that as part of its effort to reverse the downward trend in the Unspent Balance component of the budget is, its proposed lower percentage increase in teacher's salary than the average percentage settlement increase in teacher's salaries both in the seven (7) other school districts comprising the Corn Bowl Athletic Conference and the school districts state-wide. At even this lower percentage increase in teacher salaries however, the Board notes that teachers will still receive a substantial average raise of \$1361 (Bd.Ex.26).

The District submits that additional reduction in costs is also attained by its Health Insurance proposal. In 2013-2014 the monthly premium costs for single coverage in the current PPO 500 Plan is scheduled to increase 2.94% raising the cost from \$502.75 to \$517.53 an increase in dollar amount of \$14.78 per every teacher enrolled in the current Plan. In 2013-2014, the monthly premium costs for single coverage for the proposed PPO 750 Plan, that would still be paid 100% by the District, will cost \$490.74, which amounts to a reduction in monthly premium costs per teacher of \$26.79. The District notes that if the Arbitrator awards its health insurance proposal, the teachers enrolled in the PPO 750 Plan opting for family coverage would also benefit by a reduction in costs, as well. If the current PPO 500 Plan is retained, given the scheduled increases in monthly premium costs, each enrollee will pay a monthly premium of \$776.28, whereas, if the PPO 750 Plan is awarded, each enrollee will pay a monthly premium of \$736.09. As the difference in monthly premium costs yields a lower amount of \$40.19 per month, each enrollee with family coverage will pay \$482.28 less per year.

The District notes that in the 2012-2013 Academic year covered by the expiring Collective Bargaining Agreement (Jt.Ex.1), all District employees were offered the option to voluntarily enroll in the PPO 750 Plan and that there were a number of teachers who elected to do so. The District further notes that if the Arbitrator awards its Health Insurance Proposal, it will still provide employees the option of participating in the other two (2) PPO Plans, that is, the 500 Plan or the 1000 Plan. On the basis of comparability, the District notes that in the previous 2012-2013 Academic year, of the seven (7) other school districts in the Corn Bowl Athletic Conference, three (3) had PPO

500 Plans, three (3) had PPO 750 Plans and one (1) had a plan with the much higher deductible of \$1,250 (Nashua-Plainfield).

The District posits that a balancing of budgetary concerns with the criterion of comparability of salaries for bargaining unit employees both among such employees in the seven (7) other school districts comprising the Corn Bowl Athletic Conference and those school districts state-wide mitigates in favor of the Arbitrator finding its salary proposals to constitute the most reasonable offer.

ASSOCIATION'S POSITION

The Association maintains that the District's focus on the Unspent Balance component of the School Budget in defense of its overall economic proposal has little or no relevant bearing on the resolution of the impasse as to which of the final offers on an item by item basis is determined by the Arbitrator to be the most reasonable. Rather, the Association submits the most important component of the School Budget to relevantly bear on the resolution of the impasse is the General Fund as that it is the chief operating fund of the District used to pay for salaries, benefits, services, materials, supplies and capital outlays. The General Fund receives revenue primarily from property taxes and state aid. The Association submits that together, the monetary amounts the District will receive from these two (2) sources of revenue for the 2013-2014 Academic year is more than sufficient to pay for its proposed package increase of 3.71%.

The Association notes the District will receive from the State a 3.8% increase for Regular Programming over what it received for the 2012-2013 Academic year. The dollar increase amounts to \$140,168. In addition, for the 2013-2014 Academic year, the State Legislature provided an additional 2.0% funding for allowable growth, thereby giving the District an additional \$73,200. Altogether, the combined percentage increase of 5.8% translates into an increase in revenue received by the District for General Fund purposes of \$213,368 (\$140,168 + 73,200).

The Association identifies the following other General Fund revenue the District will receive in the 2013-2014 Academic year:

Special Education	\$525,881	0.9% inc.
Supplemental Weighting	\$146,940	7.2% inc.
Pre-School Funding	\$162,027	10.2% inc.

The Association informs that in the 2012-2013 Academic year, Instructional Salaries was 42.06% of the District's Total Expenditures which was less than the State average

of 43.68% and the Instructional Benefits was 11.5% of Total Expenditures, also less than the State average of 13.67%.

The Association asserts that the increases in General Fund revenue for the 2013-2014 Academic year is sufficient to absorb the salary increases it is proposing for both the Base Salary increases and the increases in Supplemental pay which amounts to a total of \$126,283.. With regard to the Board's proposal to remove the generator mechanism for Supplemental pay, the Association argues the Board is seeking to gain a breakthrough in this arbitration it was unable to attain during collective bargaining, In any event, the Association explains that if the Board's proposal was awarded, it would result in triggering differences in dollar amounts specified for each extra-curricular activity thus altering the language of Section B, Article 5 of the successor 2013-2014 collective bargaining agreement.

Based on Projected Turnover Savings For 2013-2014, the Association calculates the actual cost of its 3.71% proposal to be 2.33% or \$79,412 and the same calculation applied to the Board's 2.65%, the actual cost to be 1.28% or \$43,713. Thus, the actual difference between the two (2) proposals in dollars is \$35,699 (Assoc.Ex.8).

In terms of comparability, the Association submits that even though its proposed increase of 3.71% exceeds the 3.57% average increase of settlements attained by the other seven (7) school districts that comprise the Corn Bowl Athletic Conference, nevertheless, it is much closer to that average increase than the Board's proposed 2.65% increase and that fact, by itself should be perceived by the Arbitrator as being the more reasonable of the two (2) final offers. Additionally, the increase in salaries it proposes will not result in any movement either up or down in the pecking order of the seven (7) other school districts in the Conference, but simply maintain the status quo.

On the issue of health insurance, the Association argues that a 2.9% increase in monthly premium for single coverage should not justify the District seeking to change from the PPO 500 Plan to the PPO 750 Plan.

ANALYSIS

As noted in Association Exhibit 7, the percentage increases in total package costs for 2013-2014 settlements for the seven (7) comparable School Districts in the Corn Bowl Conference is **3.57%** and for 324 of the 348 school districts statewide, the same percentage increases in contract settlements averages **3.92%** (rounded). Based on these statistics, the Association's proposed increase of **3.71%** exceeds the percentage increase in settlement agreements for the seven (7) other school districts in the Corn Bowl Conference by only **.14%** and falls below statewide settlement agreements by **.21%** or one-fifth of one percent. Comparatively, such small percentage differences are not statistically significant. On the other hand, the percentage increase proposed by the District of **2.65%** when compared to the Conference's average settlement increase of **3.57%** falls almost one percent (1%) below the average and when compared to the **3.92%** increase in statewide settlement agreements for 93 percent of the school districts, the District's proposed percentage increase is **1.32%** lower. Unlike the percentage differences set forth in the Association's proposal, the percentage differences set forth in the District's position on a comparative basis are statistically significant.

The Arbitrator is sympathetic to the District's effort to put its financial house in order, but when all is said and done, no matter what calculation is used to derive the difference in dollar amount between the Board's proposal and the Association's proposal, whether it be the difference of "Actual Cost After Turnover" computed to be \$35,699, or the difference in "Total Package" computed to be \$36,135, or the difference in "Total Package Increase" computed to be \$36,143, the fact is, these sums, no matter which one is selected as representing the actual difference, when compared to the overall school budget is a pittance and therefore, inconsequential in any effort to make the kind of correction needed in the District's Unspent Balance component of the budget. Based on this finding, the Arbitrator is persuaded that the Association's position with respect to its proposal to increase the base salary by \$500 constitutes the most reasonable final offer.

With regard to the funding argument advanced by the District that the increased revenue from the State is a one (1) year proposition as in a number of prior years there have been negative percentage increases in funding, the Arbitrator recognizes the District's apprehension about what might occur in future years but reminds the District that the successor 2013-2014 Collective Bargaining Agreement is for only one (1) year. The Arbitrator is persuaded by all of the evidence submitted before him that given the increased revenue the District will be receiving in the 2013-2014 Academic year, it will have no problem paying the salary increases resulting from the implementation of the Association's wage proposals.

As to the respective proposals associated with supplemental pay, the Arbitrator concurs in the Association's position that severing the generator mechanism to calculate the appropriate dollar amounts to compensate employees for performing extra-curricular activities would be to award the District a breakthrough resulting in a chaotic situation

requiring the Parties to reconvene bargaining to determine such pay. The Arbitrator is of the view that a finding in favor of the District's position lies beyond the authority of a third party neutral and should remain within the sovereign power of the Parties. Thus, if the District deems achieving the objective of eliminating the generator mechanism in determining supplemental pay as a primary goal, it should continue this effort in bargaining rather than attempting to achieve such an outcome in arbitration. In accord with this finding, the Arbitrator deems the Association's proposal on supplemental pay to be the most reasonable.

As to the Health Insurance proposals, since the Affordable Care Act was passed by Congress and subsequently declared constitutional by the Supreme Court, the issue of employer provided health insurance has been thrown completely into chaos nation-wide both in the private, as well as, the public sector. However, solely on the basis of comparability among the seven school districts comprising the Corn Bowl Athletic Conference, the Arbitrator is persuaded that the District's position is the more reasonable of the two (2) respective final proposals. Moreover, adopting the District's proposal will not bar those teachers who want to remain in the PPO 500 Plan to continue participating in that plan if they should elect to do so, since the District is providing that option to the employees.

AWARD

Based on the Findings set forth in the preceding Analysis section, the Arbitrator Awards the following:

- | | |
|---|-------------------------------|
| 1. Salary Schedule – Base Salary | Association’s Proposal |
| 2. Supplemental Salary Schedule | Association’s Proposal |
| 3. Health Insurance | District’s Proposal |



George Edward Larney
Interest Arbitrator

August 1, 2013

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I certify that on the 2ND day of AUGUST, 2013, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (CERTIFIED MAIL personally delivering) (_____ mailing) a copy to them at their respective addresses as shown below:

Rick Engel
Attorney at Law
6969 University Avenue
Des Moines, Iowa 50311

Terry Kenealy
Superintendent
North Butler CSD
Box 428
Allison, Iowa 50602

Jason Enke
Iowa State Education Association
Director, UniServ Unit Two
808 U.S. Highway 18 W
Clear Lake, Iowa 50428-1112

I further certify that on the 2ND day of AUGUST, 2013, I will submit this Award for filing by (CERTIFIED MAIL personally delivering) (_____ mailing) it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.

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RELATIONS BOARD

George E. Larney

Arbitrator

GEORGE E. LARNEY

(Print Name)

IMPORTANT REMINDERS FOR ARBITRATORS

1. Please read PERB's "Procedures For Establishment and Maintenance of Neutral Lists." These are the agency's policies governing qualifications of neutrals and the addition or removal of neutrals to/from PERB lists. The policies include provisions for neutrals to withdraw from lists or to request temporary inactive status. If you do not have a copy please contact our office.

2. Issuing Arbitration Awards: