

IN THE MATTER OF ARBITRATION

Between the

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Arbitration Award

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Ottumwa Community School
District, Employer

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Gordon L. Trampe
Arbitrator

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And

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Ottumwa Education
Association (EA)

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Issued: May 27, 2014

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Appearances

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For the Association:

Carol Haupert - Advocate
ISEA Unit Nine UniServ Director

Jon Studer, Advocate
ISEA Financial Specialist

Jane Elerding, Advocate Assistant
ISEA Uni Serv Staff

For the Employer:

Bryan J Goldsmith, Attorney - Advocate
Ottumwa Community School District

Davis Eidahl, Superintendent - Witness
Ottumwa Community School District

John Donner, Business Manager - Witness
Ottumwa Community School District

Eric Sundermeyer, Associate Superintendent - Observer
Ottumwa Community School District

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INTRODUCTION / JURISDICTION

This matter proceeded to an Arbitration Hearing pursuant to Iowa Code Section 20.22 Public Employment Relations Act - as found in the Parties Collective Bargaining Agreement (CBA), Article III Impasse Procedure, dated school year 2013-2014. The hearing began at 4:00 P.M. Wednesday, May 14, 2014 in a conference room at the Ottumwa Community School District Board's office, 422 McCarroll Drive, Ottumwa, Iowa 52501. The undersigned was selected by the Parties to conduct the hearing.

The Parties, during the course of the hearing, submitted their evidence and had full opportunity to introduce facts and present argument, rebuttal and sur-rebuttal in support of their respective positions relative to the issues. The hearing closed at 7:25 P.M., May 14, 2014 and was electronically recorded. The Award set forth below is based upon this Arbitrator's weighing all the evidence, facts and arguments submitted.

FACTUAL BACKGROUND

The City of Ottumwa is the county seat of Wapello County. Located in southeastern Iowa, the Ottumwa Community School District (OCSD) is the 20th largest school district in Iowa with a 2013 certified enrollment of 4577.4 students, and is the fourth largest employer in the city with 695 employees, including 321 certified teachers. The OCSD provides educational programs for the grades Pre-Kindergarten through 12, and resides within the Great Prairie Area Education Agency (AEA). The OCSD enrollment has increased during the last two school years; 45.3 for 2012-2013, and 46.2 for 2013-2014. The 2013-2014 increased enrollment have resulted in a 5.1% increase in Regular Program Funding (RPF) monies. There has not been an increase in RPF of 5.0% or greater since at least the 2000-2001 school year.

The Parties have engaged in collective bargaining since 1975 which was the first year for public sector negotiations under the Iowa Public Employment Relations Act. Their relationship has been spirited; however, they have arbitrated their CBA only three times in the past - 1987, 1993, and 1994. As a result of current CBA negotiations, the Parties wage offers are \$46 apart in base salary. According

to the EA, no change in relative ranking will occur in either of their comparability groups as a result of which ever offer the Arbitrator decides upon. The Parties final offers are as follows:

EA:	Increase salary schedule base	\$961
	Total Package increase	4%
	Total Package dollar increase	\$905,847
	Article VII. Sick Leave, Section C: Accumulative Benefits - No Change	

OCSD:	Increase salary schedule base	\$915
	Total package increase	3.87%
	Total Package dollar increase	\$877,039
	Article VII. Sick Leave, Section C: Accumulative Benefits	

The Employee shall be entitled to fifteen (15) days sick leave each school year as of the first official day of said school year, whether or not he/she reports for duty on that day, subject to the exception that the Employee on extended contract is allowed extra pro-rated days. The Employee who works the year round is to be allowed one and one-half (1.5) days per month, or eighteen (18) days per year. Part-time Employees shall annually receive fifteen (15) sick leave days, which days shall be equal in length to their normal work day. Unused sick leave days shall be accumulated from year to year with a maximum accumulation of one hundred-twenty (120) days on June 30th of each year. Notification will be given annually by the end of October to each Employee as to the amount of sick leave used and as to the amount of sick leave accumulated.

Employees, who have more than 120 days of accumulated sick leave on June 30th 2014, shall have any days in excess of 120 put into an individual sick leave bank. If an employee exhausts all sick leave granted above, they may use their sick leave bank days.

CRITERIA TO CONSIDER IN MAKING AWARD

The Public Employment Relations Act, as set forth in Section 20.22 Code of Iowa provides specifics on the process of binding arbitration.

- Section 20.22 (3) restricts the award to the final offers on each impasse item submitted by the parties to the arbitrator.
- Section 20.22(11) requires the arbitrator to select the most reasonable offer of the final offers on each impasse item submitted by the parties.
- Section 20.22(9) directs the arbitrator to consider, in addition to any other relevant factors, the following factors when selecting the most reasonable offer on each impasse item.
 - 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.

COMPARABILITY GROUPS

OCSD uses the Great Prairie AEA School's districts regardless of enrollment. The school districts range in enrollment from 221 students at Morning Sun CSD to 4637 students at Burlington CSD. The AEA serves 33 school districts with OCSD the second largest in enrollment behind Burlington CSD. The average enrollment of school districts served by the AEA (including OCSD) is 1072.5. Statewide, the 33 school districts enrollment ranking ranges from 19 (Burlington) to 320 (Morning Sun).

OCSD also uses a 20 district group consisting of the ten larger school districts immediately above OCSD in enrollment - statewide, and the ten schools immediately below OCSD in enrollment - statewide. The average enrollment for these districts (including OCSD) is 4905.1.

OCSD also uses a group which contains districts by their athletic conference . Central Iowa Metro League (CIML). The districts range in enrollment size, from Urbandale CSD with 3376 students to the DesMoines CSD with 32,416 students. OCSD ranks eight out of the 13 CIML school districts in enrollment. The average enrollment in the CIML is at 7778 students, which is 3201 students above OCSD (4577).

EA uses the CIML, also, as one of their two groups for comparison. The other group consists of 10 school districts - the 5 districts (statewide enrollment ranking) immediately above OCSD, and the 5 districts (statewide enrollment ranking) immediately below OCSD. The largest district above OCSD is Marshalltown CSD with an enrollment of 5289 students, and the smallest district below OCSD is Fort Dodge CSD at 3725 students enrolled. The average enrollment in this group is 4511 students. OCSD's total enrollment is 66 students more than the average. The 5 higher and 5 lower groups presumably has

been the standard comparability group for both Parties as affirmed at fact-finding 20 years ago, and at arbitration 10 years ago.

BARGAINING HISTORY

WAGES

During the last 14 years, OCSD only twice received Regular Program Increases (RPI) of greater than 4%. Since 2000-2001 school year, OEA settlements have averaged 3.67%, while OCSD RPI has increased by an average of 2.18%. OCSD has experienced RPI growth in all but one of these years. Over this same timeframe, statewide settlements have averaged in excess of 4%. CB between the Parties resulted in three 2 year agreements, 2002, 2005 and 2008. In all three instances, settlements were above RPIs.

SICK LEAVE

The current language concerning accumulative sick leave benefits is in every CBA between the Parties, from their first agreement. OCSD has made proposals to modify said language no less than 8 times: these were negotiations in 1999,2000,2001,2007 and each year 2010-2014. In every case, voluntary agreements were reached by the Parties, and the accumulation benefit language for sick leave remains unchanged. OCSD is desirous of capping the sick day amount EA teachers may accumulate and proposed 90, 100 and 120 day caps during various CBA negotiations. Most recently, their proposal included a bank where accumulated sick days in excess of 120 could be stored to when needed, if necessary.

ABILITY TO PAY

OCSD does not contend it lacks ability to pay the EA offer. As mentioned above, the District has experienced positive RPI growth every year, but one, since 2001. 2014-2015 school year has an allowable growth of 4% in regular program funds. This translates into 5.1% RFI for OCSD. The increase in RPI s the last two years has resulted in increased instructional expenditures. Non-instructional and

other expenditures have declined during this same period. The District is well above the targeted solvency position ratio of 5%-10% at 13.05% according to the IASB's Iowa Cash Anticipation Program.

The difference between the Parties total package offer is \$28,808.

PARTIES' POSITIONS

OCS D

The District contends their position on both issues is the most reasonable. The sick leave accumulative benefit cap is the more important of the two issues at hearing, and the District must carry the burden of proof. OCS D indicated the uncapped accumulative benefit is akin to an unfunded liability, and the benefit itself does not compare with AEA school districts, 10 higher and 10 lower school districts, or CIML school districts; i.e., OCS D stands at the top of all such sick day accumulations benefits in the comparability school district groups. Concerning wages, the District believes its offer of 3.87% total package is fair when compared to the groups they used and statewide settlements so far this year.

EA

The Association believes contract language; i.e., sick leave accumulative benefit, should be negotiated by the Parties and not altered by the Arbitrator. Also, the District's proposed cap on accumulated sick days is unwarranted, and too extreme. Finally, because this benefit was negotiated for all in the bargaining unit, some sort of quid pro quo is required, at a minimum, to change current language.

Relative to wages; (total package), the EA contends its final offer is the more reasonable. It claims the District will retain its relative ranking on benchmark salaries and total compensation under either offer. Finally, that the data presented at hearing supports the EA's offer on wages.

DISCUSSION AND OPINION

This Arbitrator has taken into consideration the statutory factors to be used in determining the most reasonable offer on each issue. While considering the criteria, I have also weighed the Parties' evidence and arguments in support of their respective positions.

SICK LEAVE

This issue is the heart and soul of this arbitration. Both Parties expressed that "this is really what the arbitration is all about." As stated above the EA has enjoyed this accumulative benefit since the Parties very first CBA - some 38 years. The District, until only recently, had not offered any incentive relative to capping accumulated sick days. This first occurred during 2013-2014 negotiations when the District proposed a cap of 90 days, and any employee with more than 90 days accumulation would have those days placed in a "personal sick leave bank" to be used after the cap was reached. The EA countered with a severance formula, or "buy-back" provision for accumulated days at 75% times the daily substitute rate for teachers. The District's proposal was dropped. Again, during the most recent CBA negotiations, OCSD offered to raise the cap to 120 days plus the personal sick leave bank. The EA countered with a "buy-back" provision formulated at 50% of accumulated days times the daily substitute rate. When the District's final offer for arbitration was unchanged, the EA's final offer on this issue moved to "current contract language". As stated above, the District had proposals in other years concerning sick day accumulation, but these offers did not include "personal sick day bank". To complete the negotiations picture on this issue, EA has offered their "buy-back" proposal the last four years.

The District argues the following: First, the EA's current cumulative benefit is not in line with other districts which were compared. OCSD appears to be a "holdout" concerning this issue. It is one of three compared districts out of 54 which has unlimited accumulative sick days. This by itself is telling of the times we live in, but is not controlling. We do not have knowledge what went into the negotiations of the sick leave provisions at any of these districts. Secondly, the District's cash incentive is for all employees who are prudent with taking leave days - EA members can earn an attendance bonus. If this incentive bonus was tied only to sick leave days, the Employer may have had an argument; however, it is

directly tied to all kinds of leave days taken. Because of dilution by other kinds of leaves, this argument falls aside. Third, the District argues the uncapped accumulative leave is like that of an unfunded liability. This Arbitrator does not accept this approach. All teaching days are funded every year as budgeted. There is no buy out provision at retirement, or for any manner of severance. Employee's sick day accumulation is zero when these occasions occur. Fourth, a long-term disability provision has been recently added to the Parties' Agreement. OCSD believes this new provision can, and should, replace unlimited sick day accumulation. It is just that, a belief, not an argument. Finally, the District argues sick leave is occurring in larger amounts per leave taken by EA employees, particularly over the last four years. Otherwise, sick leave has been somewhat consistent at between 1500 days and 2500 days taken per school year since 2000-2001. Whether this is an anomaly or a trend, neither Party knew. This Arbitrator presumes what is happening has to do with long service employees using their accumulated sick days - which is what the program was intended to do.

The EA reasons the following: OCSD is not having serious problems with its' sick leave day accumulative benefit since they have not offered any form of quid pro quo, something in return for, or in place of, of equal value accessible to all EA employees. Secondly, the District's offer of individual sick leave banks does not meet the definition of a quid pro quo, in this case. Only a limited amount of EA employees will possess more than 120 days of accumulated sick leave on date of implementation, many others have not accumulated 120 sick days at implementation date, and therefore, would never be illegible for an individual sick day bank. EA argues this is not a quid pro quo because all employees do not have equal access under the District's proposal. The District has not carried the burden on this issue.

On this issue, the Arbitrator is accepting the EA's final offer as most reasonable. In doing so, an important fringe benefit, negotiated voluntarily, and of long standing remains. There was no true substitute benefit offered, much less one of equal value. Further, I have found no legitimate problem requiring attention to the extreme of the District's offer. Because of the factual situation on the issue, the Arbitrator will not agree to change the Parties CBA as offered by the OCSD's final offer regarding the sick day accumulative benefit. I will leave any such change to the Parties themselves during their future negotiations.

TOTAL PACKAGE (WAGES)

The EA's total package (TP) cost increase including its wage offer is \$905,847 or 4% TP increase. The Arbitrator finds this offer the more reasonable of the two submitted. This cost is in line with CIML settlements (4%), 10 higher and 10 lower settlements (3.94%) and 5 higher and 5 lower settlements (3.97%). This cost also is in line with other districts which have increased RP monies. Statewide, of 14 districts with RPI of plus/minus 1% of OCSD, the average TP settlement was 4.14% with an average RPI of 5%. Statewide, of 25 districts with 5% or greater RPI, with settlements, the average TP settlement was 4.23% with an average RPI of 7.68%. Burden of proof has been carried by the EA.

AWARD

In addition to all issues agreed upon prior to this Award, the Parties CBA for school year 2014-2015 will include the EA's final offer proposals on sick day accumulative benefit (no change to current contract), and TP (4%).


Gordon Trampe
Arbitrator

May 27, 2014

May 27, 2014

CERTIFICATE OF SERVICE

I certify that on this 2~~7~~⁸th day of May, 2014 I served the forgoing Arbitration Award upon each of the Parties to this matter by mailing a copy to them by First Class Mail (USPS) at their respective addresses as shown below.

Carol Hauptert
Director, State Unit Nine UniSer v Unit
Iowa State Education Association
106 North Court
Ottumwa, IA 52501

John Donner
Financial Consultant
422 McCarroll Drive
Ottumwa, IA 52501

I further certify that on the 2~~7~~⁸th day of May, 2014, I submitted this Award for filling by mailing (USPS) it to the Iowa Public Employment Relations Board, in care of Susan A. Bolte, Administrative Law Judge, 510 East 12th Street, Suite 1B, Des Moines, IA 50319.



Gordon Trampe
Arbitrator