

STATE OF IOWA  
PUBLIC EMPLOYMENT RELATIONS BOARD

Lisa Salkovitz Kohn,  
Impartial Arbitrator

In the Matter of the Impasse Arbitration )  
 )  
 between )  
 )  
 Rudd-Rockford-Marble Rock )  
 Consolidated School District, )  
 )  
 and )  
 )  
 Rudd-Rockford-Marble Rock )  
Education Association. )

CEO: 692/Sector 2

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 PUBLIC EMPLOYMENT  
 RELATIONS BOARD

Hearing Held: May 14, 2015

Award Issued: June 3, 2015

Appearances:

For the District: Steven Weidner,  
Swisher & Cohrt

For the Association: Jason Enke,  
UniServ Director, Unit Two, ISEA

ARBITRATION AWARD

**I. INTRODUCTION**

This is an impasse arbitration held pursuant to Section 20.22 of the Iowa Public Employment Relations Act. The undersigned Arbitrator was duly selected pursuant to the Act and the procedures of the Iowa Public Employment Relations Board. The parties have advised the Arbitrator that they have agreed to waive the statutory deadlines for commencement of the hearing and for service of the award in an independent impasse agreement.

At the hearing held on May 14, 2015, at the administrative offices of the School District, an electronic recording of the proceedings was made by the Arbitrator. Both parties were given the opportunity to present such evidence and argument as they desired, including an examination and cross-examination of all witnesses.

In evaluating the parties' final offers on each impasse item, paragraph 7 of Section 20.22 requires the arbitrator to consider, "in addition to any other relevant factors":

- a. Past collective bargaining contracts between the parties including the bargaining that led the 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 normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

These statutory factors, as well as other relevant factors discussed below, have been considered by the Arbitrator in determining which of the parties' final offers on wages is most reasonable, as required by Section 20.22 (9). In reaching her decision, the Arbitrator has considered all data, evidence and argument offered at the hearing, even if not specifically mentioned or discussed herein.

## **II. BACKGROUND, ISSUES, and the PARTIES' FINAL OFFERS**

The Rudd-Rockford-Marble Rock Consolidated School District (the District or RRMR) was established in 1959, as part of the initial wave of school consolidations in Iowa. The District originally consisted of a high school and an elementary school in Iowa. The District originally consisted of a high school and an elementary school in Rockford, an elementary/junior high school in Rudd, and an elementary/junior high school in Marble Rock. In 1992, the District consolidated all instruction into a single K-12 building in Rockford. Student enrollment in September 2014 was 450.3, the figure used for state per capita funding.

The Rudd-Rockford-Marble Rock Education Association (the Association) is the certified employee organization for the District's professional employees. The Association was first certified by the Iowa Public Employment Relations Board on December 6, 1978. The District and the Association have negotiated collective bargaining agreements for the school years from July 1, 1979 through June 30, 2015. The parties have used the services of a fact-finder for one contract year, and this is the second time the parties have proceeded to impasse arbitration.

The parties have reached impasse on one item, wages. The Association's final offer is an increase of \$640 to the existing BA base of \$35,120, a total package increase of **3.50%**. This works out to a total package cost of roughly \$2,850,407, and a total package cost increase of \$96,441. The District's final offer is an increase of \$500 to the existing BA base of \$35,120, a total package increase of **3.15%**. This works out to a total package cost of roughly \$2,840,685, and a total package cost increase of \$86,718.<sup>1</sup> The Association's offer is \$9,723 greater than the District's, by the Association's calculation, or \$9,716, by the District's calculation. The parties agree that any discrepancy between their calculations is merely a matter of rounding differences, and is immaterial.

### **III. ANALYSIS OF THE ISSUES**

#### **A. Comparability groups**

In resolving contract impasses over wages and other common economic terms of employment, arbitrators have frequently found the second factor listed in Section 20.22(7) - "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" - to be highly significant, if not the most significant consideration in determining which final offer is the most reasonable.

The parties have not agreed on an appropriate group of communities for

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<sup>1</sup>This is from the Association's calculation.

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comparison. The Association suggests that the appropriate comparison group should be the athletic conference of which the District is a member, the Corn Bowl Athletic Conference. As the Association observes, athletic conferences have frequently been used in Iowa as the touchstone for determining an appropriate comparison group. Objecting to the wide range in size of the districts within that Conference, the School District has proposed two alternative groups for comparison, a group of the seven next larger and seven next smaller districts within geographic proximity to RRMR, and the ten next larger and ten next smaller districts throughout the State (the "7 up/7 down" and "10 up/10 down" groups, respectively.) The School District contends that districts of comparable student enrollment represent the most reasonable basis for comparing employee wages.

There are intrinsic weaknesses in all three of the comparison groups proposed. The Athletic Conference student enrollment (as of September 2014) ranges from a high of 822.0 in the Central Springs district to a low of 306.1 in Riceville, so that the smallest district has an enrollment of only 37.2% of the largest. The average enrollment in the Conference (excluding RRMR) is 604.9, as compared to RRMR's enrollment of 450.3, 74.4% of the average. Within the Conference, only Riceville's enrollment is lower than RRMR's. As of the hearing date, all of the school districts within the Corn Bowl Athletic Conference had reached agreement on their contracts for the 2015-2016 school year, with the exception of North Butler. Within the conference, the total package increases range from 3.00% in Nashua-Plainfield's contract to 3.98% in Riceville; the average increase is 3.48%. Thus, the Association's proposal is 0.02% above the Conference average, and the District's proposal is 0.33% below the Conference average.

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There is some merit to the District's assertion that a grouping that more closely mirrors the student enrollment in RRMR could provide a more telling comparison of factors "peculiar to the area and classifications involved," and arbitrators have often considered comparison groups defined by their enrollment size similar to the district under consideration. Thus the District's methodology in defining the "seven up/seven down" and "ten up/ten down" groupings cannot be dismissed out of hand, although a geographically-restricted seven up/seven down grouping is more likely to reflect local features than a state-wide ten up/ten down grouping. The problem is that in this round of contract negotiations and settlements, these groupings fail to provide sufficient data from which any authoritative conclusions can be drawn as to the reasonableness of the offers from the District and the Association. As of May 14, 2015, when the hearing was held, the State Legislature had not yet agreed on funding of the teacher salary supplement and perhaps for this reason there were fewer than 100 school district - professional unit contract settlements throughout the entire State from which to ascertain any average settlement or other contract trends. Indeed within the seven up/seven down grouping identified by the District, there were only four settlements, and those included the rather high Riceville settlement of 3.98%, and two settlements (of 2.76% and 2.98% in Edgewood-Colesburg CSD and North Iowa CSD, respectively) far below either the District's or the Association's final offers here.<sup>2</sup> In the ten up/ten down grouping, the results were even more sparse: Only

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<sup>2</sup>The districts in the proposed seven up/seven down grouping are, from lowest enrollment to highest, Riceville, Clarksville, Turkey Valley, Janesville, Edgewood-Colesburg, Tripoli, Central, Dunkerton, North Iowa, North Tama County, Northwood-Kensett, Belle Plaine, South Winneshiek, and East Buchanan.

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one of those districts, Bedford CSD, had reached an agreement, for an increase of 2.26%. The remaining nineteen contracts had not yet been resolved.<sup>3</sup> While a comparison of RRMR's standing within these two groupings as to various economic, budgetary, and funding measures is instructive, the lack of data on 2015-2016 settlements renders these comparisons of little assistance in evaluating the parties' offers, particularly where neither offer appears likely to alter the District's standing within these groups on most measures.

Accordingly, given the state of contract settlements at this time throughout the State, the Association's proposed athletic conference comparison group, one of the groupings traditionally considered in impasse arbitration, is more useful in assessing which party's offer is the more reasonable.

**B. Impasse Issue: Wages**

As noted in the introduction, the Association's final offer on wages is to add \$640 to the current base of \$35,120, resulting in a new base of \$35,760. The District's final offer on wages is to add \$500 to the current base, resulting in a new base of \$35,620. The total package cost of the Association's offer is \$2,850,407, representing a 3.50% increase, while the total package cost of the District's offer is \$2,840,685, a 3.15% increase. The Association's offer is \$ 9,723 (or perhaps \$9,716) more than the District's.

The Association asserts that past settlements have closely tracked statewide total

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<sup>3</sup>The districts in the proposed ten up/ten down comparison group are, from lowest enrollment to highest, North Union, Hubbard-Radcliffe, Galva-Holstein, Lynnville-Sully, Tripoli, Boyer Valley, CAM, Kingsley-Pierson, Marcus-Meriden-Cleghorn, Central, Woodbine, George-Little Rock, Guthrie Center, English Valleys, Calamus-Wheatland, Dunkerton, Mewell-Fonda, West Burlington, Fremont-Mills, and Bedford.

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package increases. The past contract wage settlements yield the following comparisons:

Year	Total pkg %	Reg. Growth %	Total diff.% (1+2)	State ave. total pkg %	Diff - State Total pkg %
2005-2006	4.07	-1.32	5.39	4.51	-0.44
2006-2007	4.23	0.06	4.17	4.81	-0.53
2007-2008	4.72	3.75	0.97	4.97	-0.25
2008-2009	4.55	1.00	3.55	4.53	0.02
2009-2010	3.55	-1.57	5.12	3.43	0.12
2010-2011	3.04	-1.51	4.55	2.95	0.09
2011-2012	3.47	-2.17	5.64	3.47	0.00
2012-2013	3.50	-4.86	8.36	3.82	-0.32
2013-2014	3.69	-0.57	4.26	3.89	-0.20
2014-2015	4.10	1.00	3.10	3.94	0.16
<b>AVERAGE</b>	<b>3.89</b>	<b>-0.62</b>	<b>4.51</b>	<b>4.03</b>	<b>-0.14</b>
<b>5-YR AVE.</b>	<b>3.56</b>	<b>-1.62</b>	<b>5.18</b>	<b>3.61</b>	<b>-0.05</b>
<b>EA OFFER*</b>	<b>3.50</b>	<b>-0.10</b>	<b>3.60</b>		
<b>EA OFFER^</b>	<b>3.50</b>	<b>0.80</b>	<b>2.70</b>		
<b>BD OFFER*</b>	<b>3.15</b>	<b>-0.10</b>	<b>3.25</b>		
<b>BD OFFER^</b>	<b>3.15</b>	<b>0.80</b>	<b>2.35</b>		

\* Using the proposed 1.25% increase in SSA

^ Using the proposed 2.625% increase in SSA

Based on its calculation that the current average settlement this year (as of May 13, 2015) is 3.51%, statewide, the Association urges that its offer more closely reflects statewide trends. In addition, the average increase within its comparison group is 3.46%, only slightly below the 3.50% offered by the Association. In general, salaries in the BA

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lanes in RRMR are at or above the mean within the Athletic Conference, but the District slips to seventh and sixth in the group of eight for high MA lane salaries. There is no indication in this record that either offer would alter these standings significantly.<sup>4</sup> The Association observes that the District will gain from the reduction of one position and potential turnover, and that a projected enrollment increase for October 2015 will result in additional General Fund resources in addition to Regular Program funding. Noting the variety of sources for the funding of instructional salaries, and the increase the Association proposes, the Association also observes that instructional salary expenditures as a percentage of total expenditures have declined over the past several years and that increases in salaries and benefits for 2013-2014 in other areas of the budget (School Administration Services, Business Administration Fiscal Services, Administration Technology Services, Plant Maintenance Services and Student Transportation) exceeded the 3.5% increase for Instructional salaries and the 5.1% increase for Instructional benefits. The Association contends that the District is in a good financial position to fund its proposed 3.50% increase: It ended the last budget year with an unspent balance of almost \$1.2 million, 22.1% of total expenditures, a healthy level of unspent balance. Its ending fund balance of \$863,362, though less than the two preceding years, declined because of the State's Cash Reserve Limit, and its solvency ratio for 2013-14 is 16.21%, higher than

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<sup>4</sup>The Association also points out that districts in the Athletic Conference an average of approximately \$1025 more annually for family medical coverage than does the District. The implications of this benefit are difficult to quantify, because there is no evidence as to how many RRMR teachers take family rather than single coverage, for which the District's contribution is approximately \$250 more than the conference average, nor is there any information about the comparative terms or total out-of-pocket costs for the various health insurance benefits.

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the IASB targeted solvency position. The Arbitrator's award in this case will not affect the District's tax rate, the Association asserts.

The District emphasizes that it is a very small District with declining enrollment, having lost 25% of its school population in the past decade, and faces cuts in personnel and programs, as other options to reduce expenditures have been exhausted. The decline in enrollment affects to a large degree the amount of state funding the District will receive, while many fixed costs remain or increase. The District therefore urges that its salary increase proposal should not be measured by the settlements of schools are significantly larger enrollment, and contends that its proposal of 3.15% total package increase is more consistent with settlements in similarly sized districts, and maintains a comparable position for District teachers with salaries of teachers in districts of like size.

As already discussed, the District's comparison groups, while identifying other school districts more similar in enrollment than the districts of the Athletic Conference, do not provide enough data to guide the Arbitrator in assessing the proposals here. Nonetheless, it is apparent that smaller districts have greater difficulty in reducing costs as enrollment (and therefore funding) declines, due to the lack of economies of scale. There are a variety of fixed costs, such as building maintenance, utility costs, and transportation, that are somewhat inflexible and unresponsive to student numbers. As a result, although the District acknowledges that it has the ability to fund the Association's higher proposed increase, the Board is focused on controlling costs in the face of declining revenue, and a projected decline of approximately 20% in its unspent authorized budget between 2014-15 and 2015-16. The FTE count is expected to drop by 0.75 for the coming school year.

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This following other staffing cutting in 2013-2014, not just in instructional staff, but in administration and support staff as well.

Considering the Athletic Conference school districts, the District notes that while the District's FY 2014 unspent authorized budget declined \$194,734, the other members of the Athletic Conference saw an average increase of \$51,642. The District's unspent authorized budget per student is approximately 8% higher than the conference average, but the District contends that this comparison is skewed by North Butler's overspending, in violation of the applicable regulations. With the anticipated legislative increase of 1.25%, the District anticipates regular program dollars to decrease by \$3,414, while the conference will experience on average an increase of \$63,689. The District also notes that the additional 0.35% of the Association's final offer would result in an expense of \$158,303 more than the District's final offer, calculated over the next five years and assuming no other modification in the total package cost. The District also observes that while the average regular salary for teachers within the Conference is \$51, 871, compared to an average RRMR teacher salary of \$49,923, the average total experience in RRMR is 3.3 years less than the Conference average, and contends that this demonstrates that RRMR salaries are commensurate with teacher experience, when considered within the Athletic Conference.

Comparing salaries within the Athletic Conference, the District calculates that its 2014-2015 salaries in the BA Base, BA+10, BA Max, MA+15, MA Max, and MA+30 Max categories are all above the average within the Athletic Conference. The Association has provided a summary table showing that the District's 2014-2015 salaries are below average

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(but fourth out of eight) for BA base, above average for BA+5, BA+10, and BA Maximum; below average for High BA Min, High BA+5, and High BA Max, and above average for High BA+10; below average for MA Base, MA+5, and MA Max, and just above average for MA +10; and below average for High MA Min, High MA+5, High MA+10, and High MA Max. There is insufficient data in the record to determine the source and extent of the inconsistencies in the comparisons, but it appears that teacher salaries for the District in the BA lanes are at or above the median, if not the mean. The differences between the parties' data for MA lanes permits no reliable conclusion about the status of RRMR salaries on those lanes within the Athletic Conference.

After considering all of the data and argument presented in light of the statutory factors listed in Section 20.22(7), the Arbitrator concludes that the District's offer of an increase of \$500 to the BA Base, a total package increase of 3.15%, is the more reasonable. Impasse arbitration is at heart a conservative process - as these parties have demonstrated, turning to arbitration only twice in their long history of collective bargaining, impasse arbitration should not become a ready substitute for the determined voluntary negotiation that is the first resort and best measure of effective collective bargaining. As the second smallest district in the Athletic Conference, by a significant portion, the District faces economic pressures that have less impact on the Conference's larger districts. While the Association's offer is closer to the Athletic Conference average than the District's, the District's lower-than-average offer is not outside the conference range of 2015-2016 settlements. There is no indication that the District's offer will dramatically alter the standing of District teachers' salaries within the Athletic Conference. The District has

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demonstrated that it is actively seeking to reduce expenses in areas other than instructional salaries in order to meet the challenges of declining enrollment and available revenues, and to continue to maintain the quality of education and other services it provides. Accordingly, the Arbitrator finds that the District's offer on wages is the more reasonable.

**AWARD**

For the reasons stated above and incorporated herein, the Arbitrator makes the following Award:

The District's final offer is the most reasonable of the parties' final offers on wages.

Respectfully submitted,



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Lisa Salkovitz Kohn  
Impasse Arbitrator

CERTIFICATE OF SERVICE

I certify that on the 3<sup>rd</sup> day of June, 2015, I served the foregoing Arbitration Award upon each of the parties to this matter by mailing a copy to them by United States First Class Mail at their respective addresses as shown below, having also sent the Award by email to the email addresses indicated:

Jason Enke  
Uniserv Director  
ISEA Unit Two  
808 Hwy. 18 W  
Clear Lake, Iowa 50428  
Jason.Enke@isea.org

Steven A. Weidner  
Swisher & Cohrt  
528 W 4th St  
Waterloo, IA 50701  
weidner@s-c-law.com

I further certify that on the 3<sup>rd</sup> day of June, 2015, I submitted this Award for filing by mailing 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, and by email to Susan.Bolte@iowa.gov.



Lisa Salkovitz Kohn  
Impasse Arbitrator