

PUBLIC EMPLOYMENT RELATIONS COMMISSION  
IN FACT FINDING

In the Matter of:	)	
	)	CASE NO. F-76-07
CHENEY SCHOOL DISTRICT	)	
	)	REPORT, FINDINGS OF FACT
and	)	
	)	and RECOMMENDATIONS
CHENEY EDUCATION ASSOCIATION	)	
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APPEARANCES

FOR THE DISTRICT:

Gale Marrs, Superintendent  
Joseph J. Rekofke, Counsel

FOR THE ASSOCIATION:

Barbara Wooten

DATE OF HEARING: October 1, 1976

PLACE: Cheney, Washington

FACT FINDER:

Paul D. Jackson

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OCT 21 1976  
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## BACKGROUND

Cheney School District #360 (hereinafter the "District") and Cheney Education Association (hereinafter the "Association") reached an impasse in negotiations on salaries and group insurance programs for the academic year 1976-77. Mediation having been unsuccessful, a neutral fact-finder was selected by the two sides through the Public Employment Relations Commission, as provided by the laws of this state, to determine the facts involved and to recommend a basis for settlement considering legislative purpose and the standards or guidelines enjoined by the Act.

A hearing was held in Cheney on October 1, 1976 at which the parties presented economic data, comparative analyses, witnesses, arguments, and the other information in support of their respective bargaining positions at the time of the stalemate.

The Association had rejected the District's final offer of 6% increase applied to the base salary of \$8,506.00, plus \$20.00 a month contribution increase for medical and other group insurance (presently \$45.00 per month). The Association demanded a 10% increase to base salary plus \$50.00 per month additional to purchase "full family" medical and dental group

insurance for all teachers.

The base salary is for a teacher without experience, with an A.B. degree, and includes the 12% increase given at the start of the last school year. The District states that its offer represents the best it can do under its budget and estimated receipts for the 1976-77 academic year; moreover, the proposal gives full and fair consideration to all economic and other factors pertinent to a good salary structure for the teachers of its schools. The offer is above the increase in the Consumer's Price Index for Seattle since August, 1975 when the increase of 12% was granted in negotiations. On all comparable bases, the proposal is fair and equitable, and consistent with sound management principles, the financial condition of the District and its anticipated revenues from all sources, as well as with the objective of providing quality education, according to the District.

For its part, the Association strongly contends that the financial ability of the District justifies at least a 10% increase to the base salary which would provide some improvement in the relative position of its members. It asserts that school district surpluses in past years warrant, in the words of its spokeswoman, "its fair share" of a probable surplus it predicts for the academic year 1977. The District can afford to pay more

than its offer, also, because of its increasing revenues related to the growth of the District, outside of Spokane, and the enlightened and progressive attitude of the taxpayers of this college community, the site of Eastern Washington State College.

The rationale of the District's offer, according to the Association, is based essentially on the maintenance of Cheney's position compared with teachers' salaries in other districts throughout the state, but the Association urges that Cheney deserves advancement of its teachers in their comparative salary and economic position when it can be afforded, as now. Additionally, according to the Association, past increases still lag behind actual cost of living changes since 1967.

#### DISCUSSION

Some differences between the parties should be discussed at the outset. The Association requests use of the United States (All Cities) Consumer Price Index rather than the Seattle index, contending that the latter is not pertinent to Cheney because of geographic location and climatic differences. The District states that the Seattle index is used by Washington municipalities and school districts for cost of living analyses and in recent negotiations and increases totaling 12% at Cheney.

It should be noted in this regard that the August, 1976 Seattle index shows a 5.3% increase over August, 1975, as compared to 5.5% for the All Cities Index. The argument of the District is persuasive and the Seattle index will be used. It is not desirable to change indices or other reference data at each negotiation. Moreover the differences between the two indices are slight and are subject to constant change - one or the other being above or below at various times during the year.

In its economic and salary analyses and other comparative data, the District refers to increases throughout the salary schedule to demonstrate that Cheney teachers have received more money than is indicated by merely referring to the base salary increases each year. Thus, according to the District, the proposed 6% increase in base salary amounts to an average increase of almost 9% in real salaries actually paid to teachers of the District, due to the effects of the overall salary schedule which gives additional compensation for experience and education credits each year up to a maximum salary. This use of the salary schedule is objected to by the Association because the improvement in salaries by progression within the salary schedule is the result of additional time, money, effort, achievement and individual sacrifice of each teacher. The Association

*Increases*

argues that the percentage increase to the base salary which is the object of negotiations is the only consideration for the fact finder.

I have carefully examined all the data furnished by both sides relevant to the demand and counter-offer here involved, including the effect on actual salaries of a base salary increase and am cognizant of the fact that some teachers will gain more than the percentage increase to base salary. This fact is not controlling. The negotiated percentage to be applied to the base salary is the dominant consideration because the parties have negotiated in terms of a base salary increase. The schedule increases are the result of past negotiations. If the result of this overall salary schedule is to exaggerate the percentage increases to the base, or ~~is~~ no longer fair because of the percentage increase approach, then the parties should reexamine the entire schedule in their negotiations. Notwithstanding this conclusion, a proposed base salary increase cannot be considered in a vacuum. The base salary is really almost a hypothetical benchmark. The effect of a percentage increase to base salary <sup>ON THE SCHEDULE</sup> is important and I think the teachers would be the first to argue this if the shoe were on the other foot.

Finally, there were no negotiations vis a vis changing

the schedule and the credits allocated, and no proposals in this regard have been advanced by either side, or comparative data furnished.

A factor which plays a heavy role in the Association's arguments for a salary increase of 10% to base this year is its insistence that its members are entitled, in the words of their spokeswoman, to "their fair share" of the estimated "surplus income" of the District, foreseen for the end of the academic year. This argument relates to a forecast by the Association based upon three past years' performances by the District in the use of its funds, in which alleged surpluses resulted. Such surplus would pay for the demands of the teachers in full, according to the Association.

The District denies the existence of any surpluses. Any money left over at the end of the budget year is the District's "cash flow" and will be committed and spent. There are no large sums of unspent, uncommitted money left over that can be accumulated from year to year. In order to pay for the 10% increase demanded by the Association, plus the additional health programs, the District would exceed its expectable receipts which it may not legally do, or it will have to change its budget priorities

and commitments. The Association, however, replies that the District has a history of underestimating receipts and overestimating expenditures, and that their demands could be met within the foreseeable revenues and expenditures. The parties disagree also as to the total cost of the additional demands of the Association in excess of the District's counter-offer, the teachers stating that this would be about \$117,000 -- the District estimating the cost at about \$155,000.

Clearly, whether the District lives within its budget or has something left over, is a fact which should be noted, but it is not alone a justification for an increase or a philosophy of "sharing the pie." A school district is not a profit-making enterprise which should share a surplus with its employees. In fact, a "surplus" is itself unjustified for a public body, and should not be intentionally projected. The existence of a surplus at the end of the year may be due to poor budgeting or an unexpected inflow of cash, or it may be due to careful precautionary planning to allow for unexpected emergencies, contingencies, etc. In any event, it is not determinative of the question, "What constitutes fair treatment and a proper salary." Nor would the existence of a deficit any more preclude the granting of a salary increase to teachers where the facts would warrant such increase.



## FINDINGS OF FACT

The Association's demand for a 10% increase amounts to \$850.60 per annum increase of base salary, compared to the District's offer of \$510.35 (6%) - a difference of \$28.35 per month. In top salary the District's increase would be \$981.00 (\$17,347) compared to the Association's demand of \$1,636 additional (\$18,002.00), a difference of \$54.58 per month.

The additional funds required for full family medical and dental plans would require approximately \$30.00 per month more.

## COMPARATIVE SALARY ANALYSES

Cheney is in 73rd position from top out of 84 first-class school districts in the state with respect to base salary paid last year. It is in 65th position as to maximum salaries. The median base salary for all districts is \$426.00 per annum higher than Cheney. The median top salary is \$693.00 higher than Cheney.

Cheney, however, is in 34th position with respect to average salaries paid all teachers last year throughout the state.

It is 59th in size of enrollment of all districts.

A comparison of average salaries paid by all districts at

a middle teaching level (six years, with MA plus 90 credits) ranks Cheney 16th, at \$14,698, and this relatively high position is maintained by Cheney throughout most of the schedule for middle years.

Comparative salary analyses demonstrate that while Cheney is relatively low in base and top salaries paid, compared to the other 83 districts, achievement of higher pay is either quicker at Cheney or more money is paid for the additional credits achieved, during the middle years.

Nearer to home, comparing Cheney with the 25 first-class school districts of Eastern Washington, Cheney ranks 4th in average salary paid to all teachers, placing it equal to or above several much larger school districts located in metropolitan areas (over 20,000; Cheney enrollment is under 5,000). It is 16th however in base salary and 10th in top salary paid. The same source of salary information (State Superintendent of Public Instruction) states that the average salary increase received by Cheney's teachers in 1974-75, when a 5% increase was applied to the base salary, was 7.19%; in 1975-76, when the largest increase was negotiated of 12% to the base, due to the sharp rise in the cost of living, the actual average increase was 14.28%. A 6% increase to base would average 8.95%. It should be noted that

this effect on actual salaries of an increase applied to base salary, is not unique with Cheney. Because of the structure of the schedules, the effect is similar for all districts. The practical effect is to increase the actual compensation received beyond the amount applied to the base as well as cost to the District.

Of the above 25 Eastern Washington districts, Cheney ranks 18th in assessed valuation per pupil, and 15th in enrollment size. In this regard, note should be made that the Spokane International Airport is in the District and there are other major tax-free facilities such as the College, which increase enrollment size and expense of operation. Four of these districts passed no special school levy last year. Of the others that did, the top levy rate was \$8.66 per \$1,000, and the lowest was \$1.13. Cheney's rate of \$5.16 compares with the average rate of \$3.66. Seven districts passed higher levies. Cheney's levy was passed by a 3% margin, down from previous years, demonstrating increased citizen resistance to District requests for greater amounts of money. The District is concerned with this manifestation.

Still closer to home, among 10 nearby first-class school districts, including Spokane with which Cheney maintains various forms of competition and intercourse, Cheney ranks third in base

salary paid, and fourth in top salary (second, if shorter time to achieve top salary is taken into consideration).

Among seven of these local school districts, not including Spokane, salary negotiations and settlements have already been reached within the last six months, for this year. Including Cheney with these, and assuming increases on the basis of the District's offer of 6%, Cheney would rank third in size of increase to base. The spread between the highest of such settlements and the lowest is \$487.00 per annum. It would rank second in size of increase to top salary.

Assuming a 10% increase to base, as demanded by the Association, Cheney would be in top position, exceeding the next by \$83.00 per annum.

Of these districts, four exceed Cheney in assessed valuation per pupil, and two are below. All except one exceed Cheney in levy revenue, but again note is taken of substantial tax free, labor-intensive installations in Cheney which may distort the picture.

As previously noted, the Association rejects the implications of certain of these comparisons, particularly those based on averages of salaries paid to all teachers in a district, which takes into account experience and advanced education credits.

Cheney, being a college community, teachers take advantage of the proximity of educational facilities at their own expense, and the District reaps the benefit of this from the State by getting more money from that source because of the educational level of Cheney's teachers. Moreover, the District makes it a policy to hire teachers with more hours of college credits, it is asserted.

#### COST OF LIVING INDEX

The United States (All Cities) Index, August to August, 1975-76, has advanced 9.1 points, an increase of .05589 per cent. This compares to the advance by the Seattle index of .053 per cent. The Association has projected the presumed rate of increase in the CPI through June 1977 and concludes that just to stay even throughout the coming year, it will require an increase of at least 8.9%. It asks for 10% to improve its relative position -- not just to stay even.

The pattern of negotiations in this case, as in most collective bargaining where cost of living approach is used, was to use current and actual cost-of-living data -- not estimated projections. It is recognized that there is always some time lag which must be caught up in later negotiations, at which time there will again be a lag in time.

A further examination of the Seattle index shows that since 1967 the index has increased 55.8% and base salaries at Cheney have increased 70.10%. Top salaries have increased 96.91%. Average salaries <sup>have</sup> / increased 121.3%. Undue significance should not be attached to these figures, because it is an historical fact that a notorious lag in teachers' salaries began to be overcome only in the third quarter of this century.

Nevertheless, the record of the Cheney School District in its treatment of teachers, as shown by the above, is not one of which it need be ashamed. The economic position of Cheney's teachers, comparatively speaking, and at least when the middle years are considered, is substantially better than would be justified only by such factors as size and money receipts, and it should be remarked that Cheney is still substantially a rural area. Clearly, the relatively good position achieved by the teachers of Cheney relates to the influence upon the community of the important educational institution in its midst with its academic community. In this connection it should be noted that the teachers at the college have this year received a \$960.00 increase. Whether this is applied to a base, or is across the board, is not quite clear, but the Association states that the District's offer does not compare to this increase.

It is not clear what attention should be paid to the increases granted "on the hill," or the economic basis for the increase. Absent additional information, the college increase is not helpful as a comparison.

With regard to group health benefits, of the seven local districts where settlements have been reached (including Cheney hypothetically), the offer of the District, a total of \$65.00 per month, would rank Cheney 4th or possibly 3rd. The demand of the Association for \$50.00 additional for full family medical and dental was apparently an increase of its original demand, since it was presented for the first time at the fact-finding hearing. It appears that the health program demanded would probably cost about \$30.00 per month more - not \$50.00.

## RECOMMENDATIONS

Based upon the facts above set forth and other information and data which have been presented and studied with care, the following recommendations are made to the parties:

1. GROUP HEALTH PLAN. The present proposal of the District of a \$20.00 per month increase is recommended for acceptance without change. It was not demonstrated at the hearing that the total of \$65.00 per month in contribution was out of line with other districts and in total amount it compares favorably, not only with the districts, but with private industry. It should be noted that full family dental benefits are still the exception.


2. SALARY INCREASE. The facts show a superior economic position for Cheney's school teachers on any basis of comparison, for the middle years of employment, but a lesser relative position in base and top salaries compared to the 84 districts throughout the state. Thus, Cheney is in 22 position for a BA plus 90 quarter hours, and 12 years' experience, and in 34th position for highest average salary. In furtherance of the meritorious objective of improving Cheney's relative over-all position where it can be accomplished without gross imbalance



to the budget or to the salary schedule, and giving consideration to the existing lag in cost of living adjustment, it is recommended that the District increase its offer to 7% for the commencement of the school year and that on March 1, 1977 an additional 1% increase on the base salary of \$8,506.00 be granted.

It is further recommended that these increases be given in the context of a lengthening of the time to attain maximum salary to 15 years. Such a change will require adjustment of the salary schedule for future application, but it is believed that this would remove a major obstacle in future negotiations to maintaining and proving Cheney's position. The change would elevate base and top salaries while at the same time it would flatten the middle years' bulge which is an obstacle or argument relied upon by the District now and will be in the future unless modified. *end*

DATED: October 19, 1976.

  
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Paul D. Jackson  
Fact-Finder