

## Chapter ERC 33

### APPENDIX

#### WISCONSIN EMPLOYMENT RELATIONS COMMISSION MINIMUM QUALIFIED ECONOMIC OFFER CALCULATION

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Note: 1993 Wis. Act 16 required the Wisconsin employment relations commission to create forms by which the components of a minimum qualified economic offer could be established and measured. Act 16 does not allow the cost of a qualified economic offer to be based upon the actual cost of such an offer to the employees actually employed during the term of the contract. Instead, the Act requires that the cost of the offer be evaluated by assuming a fixed employee complement is present during the term of the contract.

#### FORM A

This form and Form B must be provided by the district to the labor organization 60 days prior to contract expiration, or whenever a qualified economic offer is made, whichever is earlier.

Note: If the base year salary and fringe benefit costs cannot be established because the parties have not reached voluntary agreement for the period prior to July 1, 1993, or have not submitted single ultimate final offers for the period prior to July 1, 1993, then Forms A and B must be provided to the labor organization within 60 days of the voluntary agreement or the commission's certification of results of investigation. If the parties have submitted single ultimate final offers, Forms A and B shall be completed for each offer.

#### DEVELOPING A MINIMUM QUALIFIED ECONOMIC OFFER

##### Developing Employee Base

1. If you are bargaining a contract with a term commencing July 1, 1993 or after, identify all professional school district employees (as defined by Sec. 111.70 (1) (nc), Stats.) who were represented by the labor organization for the purposes of collective bargaining and contract administration on the 90th day prior to the expiration of the current/most recently expired bargaining agreement. Professional school district employees who were employed on the 90th day but who thereafter retire, resign or are terminated prior to the expiration of the current/most recently expired contract are included. Professional school district employees on layoff, sick leave or leave of absence must be included if they continue to be represented by the labor organization for the purposes of collective bargaining and contract administration. Professional school district employees who are replacing employees who are in leave status are not included unless they are represented by the labor organization for the purposes of collective bargaining and contract administration in the same bargaining unit as the employee being replaced. If you are bargaining a contract with a term commencing anytime from July 1, 1992 through June 30, 1993, use April 2, 1993, as your identification date.

##### Developing Fringe Base

2. If you are bargaining a contract with a term commencing July 1, 1993 or after, identify all fringe benefits and your percentage contribution toward the cost thereof as such benefits and contributions existed on the 90th day prior to the expiration of the current/most recently expired agreement, or the 90th day prior to the date on which your negotiations actually commenced if there is no previous collective bargaining agreement between the parties. If your fringe benefit contribution level is expressed as a dollar amount, convert the dollar amount to a percentage for the purposes of this calculation. If you are bargaining a contract with a term commencing anytime from July 1, 1992 through June 30, 1993, use April 2, 1993, as your identification date.

##### Total Base Cost Calculation

3. If you are bargaining a contract with a term commencing July 1, 1993, or after, using the employees identified in Step 1 and the fringe benefits and employer percentage contribution levels identified in Step 2, complete Form B to calculate the employer cost of compensation and fringe benefits for the year preceding the expiration date specified in your current/most recently expired contract. For the purposes of this calculation, assume that any cost increase incurred during the year was in effect for the entire year. In your calculation, you must include the cost of any benefits Step 1 employees who retire will receive/received prior to the expiration of your current/most recently expired contract. Do not include the cost of providing benefits to employees who retired before the 90th day prior to the expiration of the current/most recently-expired contract. If you are bargaining a contract with a term commencing anytime from July 1, 1992, through June 30, 1993, perform the calculation for the year preceding July 1, 1993.

Enter the total base year salary and fringe benefit costs from Form B here.

Salary \_\_\_\_\_

Fringe \_\_\_\_\_

Total \_\_\_\_\_

**QEO 1 Dollar Amounts**

4. Calculate 3.8%, 2.1% and 1.7% your step 3 total and enter here

3.8% = \_\_\_\_\_ 2.1% = \_\_\_\_\_ 1.7% = \_\_\_\_\_.

For the purposes of the following calculations, *do not* assume any change in: (1) the identity of step 1 employees; (2) the level of service they provide to the district or (3) the fringe benefits step 1 employees received or the applicable employer % contribution level. *Do* assume that any cost increase incurred during the year was in effect for the entire year.

**QEO 1 Fringe Benefit Calculation**

5. Using the same employees identified in Step 1 and the fringe benefits and employer percentage contribution levels identified in Step 2, calculate the actual employer cost of maintaining the fringe benefits and employer percentage contribution levels for the first 12-month period following the stated expiration date in the current/most recently expired contract. If your contract will have a duration of less than 12 months, prorate your cost calculation to reflect your actual contract duration, if appropriate. Enter this cost here and on Form B, QEO 1, fringe benefit cost. \_\_\_\_\_

6. Subtract your Step 3 base fringe benefit cost from your Step 5 cost and calculate the result as a percentage of your total Step 3 base year cost. **Enter the result here and on Form B, QEO 1, fringe benefit percentage.** \_\_\_\_\_

**QEO 1 Step Calculation**

7. For the first 12-month period following the stated expiration date in the current/most recently expired contract, calculate the total additional cost of providing each employee identified in Step 1 with any salary increase to which they would be entitled by virtue of an additional year of service on the salary schedule (longevity is to be included if part of salary schedule). **Enter this cost here and on Form B, QEO 1, steps** \_\_\_\_\_.

8. Calculate your Step 7 cost as a percentage of the total Step 3 base year cost. Enter the result **here.** \_\_\_\_\_

**QEO 1 Promotion/Lane Calculation**

9. Calculate any increase in salary received by Step 1 employees due to promotions or additional professional qualifications during the year preceding the stated expiration date of the current/most recently expired contract. Enter this **cost here and on Form B, QEO 1, lanes/promotions** \_\_\_\_\_.

10. Calculate your Step 9 cost as a percentage of your total Step 3 base year cost. **Enter the result here.** \_\_\_\_\_

**End of first year QEO calculation**

**If you are bargaining a contract with a duration of 12 months or less, stop and proceed to the Qualified Economic Offer Instruction, Form C.**

**Start of second year QEO calculation**

**Total QEO 1 Base Cost Calculation**

11. Repeat Step 3 for the first 12-month period following the stated expiration date of your current/most recently-expired contract. Enter **the total QEO 1 salary and fringe benefit costs from Form B here.**

Salary \_\_\_\_\_

Fringe \_\_\_\_\_

Total \_\_\_\_\_

**QEO 2 Dollar Amounts**

12. Calculate 3.8%, 2.1% and 1.7% of your Step 11 total and enter here:

3.8% = \_\_\_\_\_ 2.1% = \_\_\_\_\_ 1.7% = \_\_\_\_\_.

**QEO 2 Fringe Benefit Calculation**

If your contract will have a duration of less than 24 months, prorate your QEO 2 cost calculation to reflect your actual contract duration, if appropriate.

13. Repeat Step 5 for the second 12-month period following the stated expiration date in the current/most recently expired contract. Enter this cost **here and on Form B, QEO 2, fringe benefit cost**\_\_\_\_\_.

14. Subtract your Step 5 fringe benefit cost from your Step 13 cost and calculate the result as a percentage of your Step 11 total QEO 1 cost. Enter **the result here and on QEO 2, Form B, fringe benefit percentage**\_\_\_\_\_.

**QEO 2 Step Calculation**

15. Repeat Step 7 step calculation for the second 12-month period following the stated expiration date in the current! most recently-expired contract. **Enter the cost here and on Form B, QEO 2, steps**

16. Calculate your Step 15 cost as a percentage of your Step 11 total QEO 1 cost. Enter **the result here**

**QEO 2 Promotion/Lane Calculation**

17. Repeat the amount calculated in Step 9 lane for the second 12-month period following the stated expiration date in the current/most recently-expired contract. Enter **this cost here and on Form B, QEO 2, Lanes/Promotions**

18. Calculate your Step 17 cost as a percentage of your Step 11 total QEO 1 cost. Enter **the result here**\_\_\_\_\_.

**Proceed to the qualified economic offer instruction form C.**

**FORM B**

This Form and Form A must be provided by the district to the labor organization 60 days prior to contract expiration, or whenever a qualified economic offer is made, whichever is earlier.<sup>1</sup>

<b>Salary</b>	<b>Base Year</b>	<b>QEO1<sup>2</sup></b>	<b>QEO2<sup>2</sup></b>
Salary Scheduled (For the base year, include base year step costs but don't include new lane costs incurred during the base year)	_____	_____ <sup>3</sup>	_____ <sup>4</sup>
Additional QEO Salary Schedule Cost	<u>XXXX</u>	_____	_____
Additional Step Advancement	<u>XXXX</u>	_____	_____
Additional Lane Advancement/Promotions	_____	_____	_____
Salary Subtotal	_____	_____	_____
Longevity (include here if not on salary schedule)	_____	_____	_____
Extended Contracts	_____	_____	_____
Co-Curricular Pay	_____	_____	_____
Extra Duty Pay	_____	_____	_____
Athletic Events	_____	_____	_____
Department Head	_____	_____	_____
Curricular Work	_____	_____	_____
Overload Pay	_____	_____	_____
M-Team	_____	_____	_____
IEP	_____	_____	_____
Supervision	_____	_____	_____
Other	_____	_____	_____
Total Extra Duty Pay	_____	_____	_____
Summer School	_____	_____	_____
Severance Pay	_____	_____	_____
Sick Leave Payout	_____	_____	_____
Other _____	_____	_____	_____
Total Salary Cost	_____	_____	_____

EMPLOYMENT RELATIONS COMMISSION

<b>Fringe Benefit Costs</b>	<b><u>Base Year</u></b>	<b><u>QEO1</u><sup>2</sup></b>	<b><u>QEO2</u><sup>2</sup></b>
Credit Reimbursement <sup>5</sup>	_____	_____	_____
Social Security	_____	_____	_____
Retirement	_____	_____	_____
Health Insurance			
No.S____ No.F____	_____	_____	_____
Employer % Contribution			
Level S____ F____	_____	_____	_____
Dental Insurance			
No.S____ No.F____	_____	_____	_____
Employer % Contribution			
Level S____ F____	_____	_____	_____
Vision Insurance			
No.S____ No.F____	_____	_____	_____
Employer % Contribution			
Level S____ F____	_____	_____	_____
Life Insurance			
Employer % Contribution			
Level _____	_____	_____	_____
Disability Insurance			
Employer % Contribution			
Level _____	_____	_____	_____
Long-Term Care Insurance			
Employer % Contribution			
Level _____	_____	_____	_____
Other_____	_____	_____	_____
<b>Total Fringe Benefit Cost</b>	_____	_____	_____
<b>Total Salary and Fringe Benefit Cost</b>	_____	_____	_____
<b>QEO1 Increased/decreased salary cost as a percentage of base year total salary and fringe benefit cost</b>		_____	
<b>QEO1 Increased/decreased fringe benefit cost as a percentage of base year total salary and fringe benefit cost</b>		_____	
<b>QEO2 Increased/decreased salary cost as a percentage of QEO1 total salary and fringe benefit cost</b>			_____
<b>QEO2 Increased/decreased fringe benefit cost as a percentage of QEO1 total salary and fringe benefit cost</b>			_____

Attach a chart identifying the number of base year employees at each step and lane on any existing salary schedule. We swear that we completed this form in as accurate a manner as possible.

_____ Superintendent/ Business Manager	_____ Date
_____ Treasurer	_____ Date

<sup>1</sup>If the base year salary and fringe benefit costs cannot be established because the parties have not reached voluntary agreement for the period prior to July 1, 1993, or have not submitted single ultimate final offers for the period prior to July 1, 1993, then Forms A and B must be provided to the labor organization within 60 days of the voluntary agreement or the commission's certification of results of investigation. If the parties have submitted single ultimate final offers, Forms A and B shall be completed for each offer.

<sup>2</sup>The QEO1 and 2 salary costs will remain the same as the base year costs for lane advancement/promotions, longevity (if not a step), extended contracts, co-curricular pay, extra duty pay, summer school, severance pay, sick leave payout, etc. unless the rate of compensation increases due to an increase in the salary schedule or an additional year of service entitles base year employe(s) to additional compensation.

<sup>3</sup>Enter base year salary subtotal.

<sup>4</sup>Enter QEO1 salary subtotal.

<sup>5</sup>The QEO1 and QEO2 credit reimbursement costs will remain the same as the base year costs unless the rate of reimbursement increases due to an increase in the salary schedule.

**WISCONSIN EMPLOYMENT RELATIONS COMMISSION QUALIFIED ECONOMIC OFFER INSTRUCTIONS  
FORM C**

Utilize the following instructions to determine the components of a minimum qualified economic offer.

Note: If payment of any appropriate salary increase would raise your fringe benefit costs (due to resultant social security and retirement cost increases) above 1.7% of Step 3 (base cost), then reduce the salary increase in the amount necessary to keep the combined cost of fringe benefits, steps, lanes/promotions, and average salary increase at 3.8% of Step 3 (base cost).

**DEVELOPING A MINIMUM QUALIFIED ECONOMIC OFFER**

When calculating any appropriate salary increase or decrease, include any increased or decreased salary cost in extended contracts, co-curricular pay, extra duty pay, etc., which is produced by salary schedule increases or decreases or payment of steps or lanes.

1. Complete Forms A and B.
2. Using the information on Form A, determine how the law requires you to proceed by identifying the cost combination that applies to the first 12-month period of your offer.
  - A. If the combined costs identified by Step 6 (fringe benefits), Step 8 (steps), and Step 10 (promotions/lanes) are less than 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:
    1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.
    2. Pay all eligible employes any salary increase to which they are entitled by virtue of an additional year of service on the salary schedule. Include longevity payments if they are part of the salary schedule.
    3. Pay all eligible employes any salary increase to which they are entitled by virtue of a promotion or additional professional qualifications.
    4. Pay an average salary increase to all employes in an amount determined by the difference between 3.8% of Step 3 (base cost) and the combined cost of Step 6 (fringe benefits), Step 8 (steps) and Step 10 (promotions/lanes) and in a manner which does not alter the relationship between steps and lanes in your existing salary structure. The options available for distribution of the general salary increase are a uniform dollar amount increase on each salary cell; or a uniform % increase to each salary cell; or an increase in the base which increases each cell in accordance with the existing salary structure.
  - B. If the combined costs identified by Step 6 (fringe benefits), Step 8 (steps) and Step 10 (promotions/lanes) are 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:
    1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.
    2. Pay all eligible employes any salary increase to which they are entitled by virtue of an additional year of service on the salary schedule. Include longevity payments if they are part of the salary schedule.
    3. Pay all eligible employes any salary increase to which they are entitled by virtue of a promotion or additional professional qualifications.
  - C. If the combined costs identified by Step 6 (fringe benefits), Step 8 (steps), and Step 10 (promotions/lanes) are more than 3.8% of Step 3 (base cost), but the combined costs of Step 6 (fringe benefits) and Step 8 (steps) are less than 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:
    1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.
    2. Pay all eligible employes any salary increase to which they are entitled by virtue of an additional year of service on the salary schedule. Include longevity payments if they are part of the salary schedule.
    3. Calculate the prorated portion of Step 9 (promotions/lanes) which can be funded by 3.8% of Step 3 (base cost) minus the cost of Step 5 (fringe benefits) and Step 7 (steps). To identify the proration percentage, identify the amount of money available to fund promotions/lanes and divide by the amount of money necessary to fully fund promotions/lanes.

Pay the same prorated salary increase to all eligible employes entitled thereto by virtue of an additional promotion or the additional attainment of professional qualifications. For example, if the foregoing calculation would allow pay-

ment of one-half of the Step 9 (promotions/lanes) salary increase to eligible Step 1 employes, you must pay one-half of the salary increase to which your actual employes are entitled by virtue of promotions/additional qualifications during the first 12 months of your offer.

D. If the combined costs identified by Step 6 (fringe benefits) and Step 8 (steps) are 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:

1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.
2. Pay all eligible employes any salary increase to which they are entitled by virtue of an additional year of service on the salary schedule. Include longevity payments if they are part of the salary schedule.

E. If the combined costs identified by Step 6 (fringe benefits) and Step 8 (steps) are more than 3.8% of Step 3 (base cost), but the cost of Step 6 (fringe benefits) is less than 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:

1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.
2. Calculate the prorated portion of Step 7 (steps) which can be funded by 3.8% of Step 3 (base cost) minus the cost identified by Step 5 (fringe benefits). To identify the proration percentage, identify the amount of money available to fund steps and divide by the amount of money necessary to fully fund steps.

Pay the same prorated salary increase to all eligible employes entitled thereto by virtue of an additional year of employment on the salary schedule. Include longevity payments if they are part of the salary schedule. For example, if the foregoing calculation would allow payment of half of the Step 7 (steps) salary increase to eligible Step 1 employes, you must pay one-half of the salary increase to which any of your actual employes are entitled by virtue of an additional year of service on the salary schedule during the first 12 months of your offer.

F. If the cost identified by Step 6 (fringe benefits) is 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:

1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.

G. If the cost identified by Step 6 (fringe benefits) is more than 3.8% of Step 3 (base cost), then you must do the following for all employes who are actually represented by the labor organization for the purposes of collective bargaining and contract administration:

1. Maintain all fringe benefits identified on Form B and the district's percentage contribution toward the cost thereof.
2. You may decrease the salary of all employes in an amount determined by the difference between the cost identified by Step 6 (fringe benefits) and 3.8% of Step 3 (base cost) and in a manner which does not alter the relationship between steps and lanes on your existing salary structure. The options available for distribution of the average salary decrease are a uniform dollar amount decrease on each salary cell; or a uniform % decrease on each salary cell; or a decrease in the base which decreases each cell in accordance with the existing salary structure.

For the second year or portion thereof, repeat your evaluation of options A–G utilizing the costs identified in Steps 13–18 of Form A.



EMPLOYMENT RELATIONS COMMISSION

**FORM D**

Pursuant to s. 111.70 (4) (cm) 8s, Stats., the municipal employer shall file a completed copy of this form with the Wisconsin employment relations commission and the labor organization as soon as possible after the effective date of any collective bargaining agreement covering school district professional employees for any period after June 30, 1993

Name of school district \_\_\_\_\_

Name of labor organization \_\_\_\_\_

Date agreement became effective \_\_\_\_\_

Period after June 30, 1993 covered by the agreement \_\_\_\_\_

Total increased percentage salary cost for each 12-month period of the post-June 30, 1993 period<sup>1</sup> \_\_\_\_\_

Total increased percentage fringe benefit cost for each 12-month period of the post-June 30, 1993, period<sup>1</sup>

\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_

By \_\_\_\_\_

@

\_\_\_\_\_

<sup>1</sup>Calculate these costs using the same method and employees used to complete commission Forms A and B.