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STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION

In the matter of Binding Fact Finding between  
BALDWIN COMMUNITY SCHOOLS

-and-

BLADWIN EDUCATION ASSOCIATION

Case No.

G79 F733

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FACT FINDER'S REPORT AND DECISION

On November 8, 1979 the undersigned was appointed by the Employment Relations Commission as its Hearing Officer and Agent to conduct a fact finding hearing pursuant to Section 25 of Act 176 of the Public Acts of 1939, as amended, and to issue a report with recommendations with respect to the matters in disagreement between the above described parties.

The parties did, by stipulation, agree that each party would submit to the fact finder last offers of settlement on the matters in disagreement, and that both parties would be bound by the fact finder's decision.

A public hearing in this matter was held on December 10, 1979 at the Baldwin High School in Baldwin, Michigan. Representing the Baldwin Community Schools (hereinafter referred to as the Board) was Don Aho of the Michigan Association of School Boards. Representing the Baldwin Education Association (hereinafter referred to as the Association) was Robert L. Nichols, Sr., Uniserv Director for the Michigan Education Association. Other appearances were entered at the

George Gullen

Baldwin Community Schools

hearing as follows:

For the Board

Harold Cronk, Superintendent  
Jay Thiebaut, Certified Public Accountant  
June Manyo, Bookkeeper  
Katherine DeJonge, Office Manager

For the Association

Truman Forest, M.E.A. Uniserv Director  
John Meeder, M.E.A. Research Coordinator  
Leo Hall, Baldwin Education Association Representative  
Bonnie Hall, Baldwin Education Association Representative  
Gary Fitch, M.E.S.S.A. Representative

ISSUE

Unresolved are salary and fringe benefit terms of a proposed two-year agreement effective the academic years 1979-80 and 1980-81.

DISCUSSION AND FINDINGS

A. Background

The Association represents a bargaining unit comprised of 57 individuals employed by the Board as teachers, counselors, and librarians. Negotiation of a collective bargaining agreement to commence with the 1979-80 school year started on July 10, 1979. On September 19, 1979 the Association members went out on strike until October 12. Mediation and fact finding was engaged in under the auspices of the Michigan Employment Relations Commission, and a settlement recommendation was presented by fact finder Frederick Grimm, apparently based upon a "final offer" of the Board. That proposal was presented by the Association to its membership on October 8, 1979 and was rejected. However, the Association membership agreed to accept the language portion

of the proposal and to submit the issues of salary and fringe benefits to binding fact finding. On October 10, 1979 the Board agreed to binding fact finding provided the Association agreed that:

1. Each party would submit to the fact finder its last offer as of October 6;
2. The fact finder would select in its entirety either the Board's or the Association's position on salary and fringe benefits;
3. All language would be agreed to as presented in the Board's final offer, and
4. The teachers returned to work on October 12, 1979.

The Association agreed to those conditions in a return telegram. Although some disagreement has arisen between the parties as to whether or not the fact finder is required under the terms of the agreement of the parties to select one fringe benefit/salary package or the other as opposed to selecting one of the two positions on each issue, the parties left resolution of the question to the fact finder. It must be concluded from the offer and acceptance referred to above that the fact finder is bound to choose one total package of one of the parties or the other on both issues: winner take all.

During the December 10, 1979 hearing both parties submitted considerable evidence in the form of testimony and exhibits on the two economic issues. Evidence concerning the inability of the Board to pay the benefits proposed by the Association was presented by the Board and objected to by the Association. That evidence is found by the fact finder to be relevant and material but is not found to be dispositive in this particular case.

B. Fringe Benefits

In the last contract entered into by and between the parties (1977-79), the Board provided without cost to the employee health insurance, dental insurance, life insurance and long term disability insurance (LTD). In the last twelve months of that contract, the health insurance consisted of MESSA Super Med II. The dental was Delta Plan B. In cases in which both spouses were employed by the Board, only one premium for health and dental was paid. The life insurance provided was a \$10,000 policy. The health insurance was not provided for any teacher who was covered under another group health insurance plan (e.g. through a spouse.)

The Association proposals on fringe benefits in the new proposed agreement include provision of MESSA Super Med II health insurance for a full 24-month period or, at the option of the employee, \$40 per month toward MESSA/MEFSA/MEA optional benefits. Where applicable, MESSA-Care and Medicare premiums would be paid in the place of Super Med II premiums.

For dental coverage the Association proposes the provision of Delta Dental Plan A + 0 - 3, including internal and external coordination of benefits. The life insurance protection proposed is \$20,000 plus MESSA dependent life insurance protection of \$1,000 for spouse and \$500 for each dependent child. LTD would be MESSA (Plan I).

The Board's last offer on health insurance provides for full paid Super Med II coverage in each of the two years of the proposed agreement. The Board would maintain the existing dental insurance in 1979-80 and increase coverage in 1980-81 to add the orthodontic (0-3) rider. Life insurance coverage would be increased to \$15,000 in the first year of the agreement and to \$20,000 in the second. LTD would remain the same. The Board would eliminate a provision in the old

contract which insured that premium payments would continue for a full 24 month period.

The differences between the parties on health insurance are:

1) The Board would continue to limit application of the benefit to one spouse if both spouses are employed by the Board whereas the Association would allow for \$40 toward an optional benefit; 2) The Board would drop the "24-month" coverage language while the Association would retain it. Association exhibits show that many school districts in surrounding counties do provide payment for options in place of health insurance premium payments, with most of those districts paying more than \$40 for such. The Association proposes that the Board would in fact save money with such a provision. While the parties' cost figures for health coverage differ, the difference between them is not substantial.

Concerning dental insurance, the differences between the respective proposals of the parties are in the amount of coverage, the addition of an orthodontic rider and coordination of benefits. The Board-proposed Plan B, covering 60%/50% of dental care cost is the same as in the old contract. The Association proposal is for Plan A, 75%/50% plus 50% coverage for orthodontic expenses. The Board would add a 50% pay orthodontic rider in the second year. Plan A includes both internal and external coordination of benefits; Plan B excludes internal coordination but includes external. The cost difference of the proposals over two years is approximately \$5,000. The Board demonstrates that of eleven comparable school districts providing dental insurance, only one provides a higher coverage percentage (80/80) and only one provides an orthodontic rider for the 1979-80 school year.

The life insurance proposals differ in amount of coverage and provision of dependent life coverage. The Board is willing to increase coverage from \$10,000 to \$15,000 in the first year and \$20,000 in the second, without any dependent life. The Association proposes \$20,000 in each year, plus dependent life. While cost differences are not substantial, the Board's comparable data shows that out of eleven other districts, only three provide life insurance, with two of those being \$20,000. Three do provide dependent life coverage.

On the whole, the Board's offer on fringe benefits is soundly reasonable. The offer includes fine health coverage, better than average dental including the orthodontic coverage desired by the Association, and better than average life insurance coverage. The improvements over the prior contract are appropriate.

The Association proposal includes changes in kind and degree in the health, dental and life -- both extensions of and increases in coverage. While the Association proposals on health and life are not in themselves unreasonable, when the proposed changes in all three kinds of insurance are taken together, the increases cannot be said to be justified. The Board proposed benefits package would provide the teachers with a sound insurance program.

### C. Salary

Both parties propose salary payment schedules for both years of the new contract. Salaries are specified by the number of years of experience (steps) and by educational degree standing. The Board's proposal for 1979-80 is contained in Appendix A. The Association proposal is contained in Appendix B. Both have 10 steps, the same five degree categories, and use step and category differentials based on stated indices (thus all salaries are computed from the BA base salary).

In the first year of the new agreement the parties are apart on the amount of the BA base salary (\$11,447 Association and \$11,383 Board), on the step increment indices, and on the degree category indices. Both parties proposed longevity increases for teachers with more than 10 years' experience stated in terms of varying percentage increases based on the BA base. The parties differ in the amount of the longevity increase percentages, with the Association proposing 1% more at each longevity step than the Board.

The Board salary proposal for the 1979-80 school year represents a 7.9% increase in the base over the previous year. The Association proposal represents an 8.5% increase.

For the second year of the contract (1980-81) the Board proposes a 7.7% increase in the base, retaining the same indices. The Association proposal for the second year is that each step of each column, including the longevity steps, would be increased by the percentage change from one year previous in the Consumer Price Index, with a cap of 11%.

In terms of percentage gain in salary for teachers moving on steps from 1978-79 to 1979-80, the Board salary proposal for 1979-80 represents a gain of from 11.98% to 14.05% on the BA scale, where over half of the teachers are located. Gains on the other scales range from 12% to 14%. Teachers not moving on steps (14 in number) receive the 7.9% increase.

Under the Association proposal for 1979-80, salary gains for teachers moving on steps range from 15% to 16% on the BA scale, and gains of 17% and 18% on the higher scales. Teachers not moving (on top step) would receive gains of from 12% to 14% depending on the scale.

The Board salary proposal for 1980-81 would provide percentage

gains of from 11% to 14% for those teachers moving on steps.

The Board estimates the difference in the cost of the parties' respective salary proposals as \$33,000 in the first year and \$62,000 (at maximum CPI increase) in the second year.

In comparing its salary proposal with salaries paid in other school districts, the Board utilized 13 districts in three contiguous counties which make up MEA Region 13-B with Baldwin. In comparing teacher salaries in the BA and MA minimum and maximum scales with the Board proposals, the rankings of Baldwin with the others is as follows (rank from top):

	<u>BA Min.</u>	<u>BA Max.</u>	<u>MA Min.</u>	<u>MA Max.</u>
1977-78	5/13	4/13	4/13	2/13
1978-79	4/13	4/13	4/13	3/13
1979-80	4/12	3/12	4/12	2/12

Among the comparables in terms of percentage change in teacher salaries from 1978-79 to 1979-80, Baldwin would rank at second or third out of the 12 districts.

Of the 36 school districts making up MEA Region 13, of which Baldwin is one, the rank of Baldwin under the Board proposal is as follows (rank from top):

	<u>BA Min.</u>	<u>BA Max.</u>	<u>MA Min.</u>	<u>MA Max.</u>
1978-79	23/36	25/36	26/36	21/36
1979-80	23/36	22/36	24/26	20/26

The Board computes the average percentage increase in actual teacher salaries over the two years of the new contract under its proposal would be 24.68%.

Exhibits prepared by the Association demonstrate the following:

1. Of 28 districts in Lake and surrounding counties, Baldwin ranks second in state equalized valuation per pupil at \$89,566 (\$44,799 = average.)



2. The state equalized valuation of Baldwin has increased over 200% since 1970, 14% from 1978-79 to 1979-80.

3. Of the 28 districts above, Baldwin is 3rd lowest in total millage.

4. From 1970 to 1980, general fund revenues per pupil from local property tax and state aid membership formula has increased 180%.

5. Of the 28 districts, Baldwin ranks 3rd in total 1979-80 state direct membership aid and local tax levy per pupil.

6. Over the last nine years, the average Baldwin teacher salary has averaged 19% below the average Michigan teacher salary.

7. In 1977-78, of 530 school districts in Michigan, Baldwin with 35% of current operating expenditures for teachers' salaries provided the lowest share of any district in Michigan.

8. The BA base salary in constant dollars from 1970-71 through 1978-79 reflects a decrease of 11% in constant dollars for Baldwin teachers.

9. Of the 28 districts, 12 have cost-of-living adjustments in the second year of two year contracts, and five that do not have salary increases of 8% or more in the second year.

A considerable amount of data was presented by the Association on comparisons between Baldwin and other "high spending" districts in Michigan, and detailed information on cost-of-living increases and their impact on salaries. That data is voluminous and not subject to ready restatement here. Also, considerable evidence was submitted by both parties concerning the Board's ability to pay the Association's proposed salaries.

The major difference between the salary proposals is the COLA formula in the second year of the Association proposal. COLA formulas such as that proposed are not unknown to public employee collective bargaining agreements. When properly constructed, such salary formulas can be both reasonable and helpful in reflecting changes in the cost-of-living of employees. There is no question that inflation has harmed the Baldwin teachers, just as it has hurt all wage earners. However, the COLA formula proposed by the Association point for point matched with increase in the CPI -- plus a cap of 11%, simply cannot be described as a reasonable basis for determining salaries. Such a high cap alone is unreasonable.

On the other hand, the Board's salary proposal cannot be described as unreasonable. Actual dollar gains for most teachers in each year will exceed 11%, and the district will maintain or improve its position in terms of teacher salaries compared with like districts. The percentage increases in salaries without increment compares favorably with other district settlements and with other employee groups.

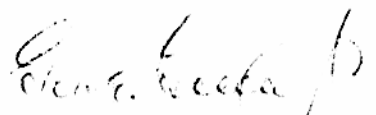
D. Summary

Neither of the parties' proposals concerning insurance benefits is unreasonable in either terms or cost. However, the Board's salary proposal is far more reasonable than the Association's, primarily because the COLA formula contained in the Association proposal is excessive.

DECISION

The last offer of the Board on fringe benefits and salaries for the 1979-80 and 1980-81 agreement should be adopted.

Dated: January 5, 1980

  
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George E. Gullen, Jr.

APPENDIX A(1)

BALDWIN COMMUNITY SCHOOLS

SALARY SCHEDULE

1979 - 80 SCHOOL YEAR

STEP	BA <u>1.00*</u>	BA + 18 <u>1.02*</u>	BA + 24 <u>1.04*</u>	MA <u>1.06*</u>	MA + 15 <u>1.08*</u>
0	11,383	11,611	11,838	12,066	12,294
1	12,032	12,296	12,548	12,814	13,093
2	12,681	12,981	13,258	13,562	13,892
3	13,330	13,666	13,968	14,310	14,691
4	13,979	14,351	14,678	15,058	15,490
5	14,628	15,036	15,388	15,806	16,289
6	15,277	15,721	16,098	16,554	17,088
7	15,926	16,406	16,808	17,302	17,887
8	16,575	17,091	17,518	18,050	18,686
9	17,224	17,776	18,228	18,798	19,485
10	17,871	18,461	18,941	19,547	20,285
INDEX	1.57	1.59	1.60	1.62	1.65

\* Established as a % of BA Base

APPENDIX A (2)

BALDWIN COMMUNITY SCHOOLS  
SALARY SCHEDULE  
1980-81 SCHOOL YEAR

STEP	BA <u>1.00*</u>	BA + 18 <u>1.02*</u>	BA + 24 <u>1.04*</u>	MA <u>1.06*</u>	MA + 15 <u>1.08*</u>
0	12,259	12,504	12,749	12,995	13,240
1	12,958	13,242	13,514	13,801	14,101
2	13,657	13,980	14,279	14,607	14,962
3	14,356	14,718	15,044	15,413	15,823
4	15,055	15,456	15,809	16,219	16,684
5	15,754	16,194	16,574	17,025	17,545
6	16,453	16,932	17,339	17,831	18,406
7	17,152	17,670	18,104	18,637	19,267
8	17,851	18,408	18,869	19,443	20,128
9	18,550	19,146	19,634	20,249	20,989
10	19,247	19,881	20,398	21,052	21,846
INDEX	1.57	1.59	1.60	1.62	1.65

\*Established as a % of BA Base

# APPENDIX B

## ASSOCIATION'S POSITION

### BALDWIN COMMUNITY SCHOOLS SALARY SCHEDULE (APPENDIX A-1) 1979-80 SCHOOL YEAR

<u>STEP</u>	<u>BA</u> <u>1.00*</u>	<u>BA + 18</u> <u>1.04*</u>	<u>BA + 24</u> <u>1.06*</u>	<u>MA</u> <u>1.08*</u>	<u>MA + 15</u> <u>1.10*</u>
0	\$11,447	\$11,905	\$12,134	\$12,363	\$12,592
1	12,157	12,667	12,935	13,191	13,473
2	12,866	13,429	13,736	14,019	14,355
3	13,576	14,191	14,536	14,848	15,236
4	14,286	14,953	15,337	15,676	16,118
5	14,996	15,715	16,138	16,505	16,999
6	15,705	16,476	16,939	17,333	17,880
7	16,415	17,238	17,740	18,161	18,762
8	17,125	18,000	18,541	18,989	19,643
9	17,834	18,762	19,342	19,817	20,525
	18,544	19,524	20,143	20,646	21,406
INDEX	1.62	1.64	1.66	1.67	1.70

\*Established as a percentage of the BA base