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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF FACT FINDING
BETWEEN:

BARAGA TOWNSHIP SCHOOL DISTRICT

CASE NO. G76F-1050

-and-

BARAGA EDUCATIONAL ASSOCIATION.

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

INTRODUCTION

Pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, and the Commission's regulations, a Fact Finding hearing was held regarding matters in dispute between the above parties. Pursuant to an agreement between the parties, the hearing was commenced at 1:00 p.m. at a meeting hall in Baraga, Michigan on Monday, March 14, 1977. The undersigned, Mario Chiesa, is the Fact Finder herein.

The Baraga Township School District shall hereinafter be referred to as the Board, while the Baraga Educational Association shall hereinafter be referred to as the Association.

At this point, the Fact Finder is compelled to make a few observations regarding this matter. First, both parties did an excellent job in presenting their evidence. Also, while it is true that a Fact Finding hearing was necessary, it is a tribute to the parties that only three issues were presented to the Fact Finder.

APPEARANCES

FOR THE BOARD

John D. Payant, Attorney
R. V. Yenchesky, Superintendent, Baraga Twp. Schools
Larry A. Wadaga

FOR THE ASSOCIATION

Charles A. Wicker

Baraga Township School District

ISSUES

The following list enumerates the issues that were placed before the Fact Finder:

1. Salary
2. Extra-Curricular Pay
3. Insurance

HISTORY

The unit herein is described in the application as follows:

"The professional certified personnel, including classroom teachers, guidance counselors, librarians, Schedule B personnel, but excluding part-time or supplemental staff such as teacher aides, teacher clerical aides, classroom and noon hour supervisors, and substitute teachers for periods less than two weeks."

The unit contains approximately 37 employees.

The prior Collective Bargaining Agreement became effective on September 1, 1975, and continued in effect for one year until the first day of September, 1976.

The parties engaged in collective bargaining reaching impasse in certain areas. The Association filed an application for Fact Finding, which was received by the Employment Relations Commission on December 2, 1976.

SALARY

DISCUSSION

A summary of the salary provisions contained in the prior Collective Bargaining Agreement appears as follows:

<u>Years of Experience</u>	<u>BA</u>	<u>MA</u>
0	8,830	9,713
1	9,183	10,066
2	9,550	10,433
3	10,028	10,911
4	10,529	11,412
5	11,055	11,938
6	11,608	12,491
7	12,188	13,071

<u>Years of Experience</u>	<u>BA</u>	<u>MA</u>
8	12,797	13,680
9	13,437	14,320
10	14,109	14,992

Plus \$10.00 for each degree credit earned towards a Master's after the first (10) hours. Longevity for service in district:

After 10 years - base rate - degree credits	100.00
After 15 years - base rate - degree credits	250.00
After 20 years - base rate - degree credits	400.00
After 30 years - base rate - degree credits	500.00
After 40 years - base rate - degree credits	750.00

The Board proposes the following:

- A. \$600.00 raise per teacher for all teachers with two or more years experience.
- B. \$353.00 raise for teachers with one year experience.
- C. \$8,830.00 salary for beginning teachers.
- D. Master's Degree teachers will receive an additional 10% of the base or \$883.00.

The Association proposes a base salary of \$9,350.00 for a beginning teacher and a progressive scale of ten experience levels, each being a 5% increase over the preceding level. The Master's Degree scale would remain 10% of the BA base (\$935.00) over the BA scale and the added compensation for extra hours would remain as it was in the past contract. Apparently the Association also seeks a continuation of the longevity compensation.

A summary of the parties' positions, excluding extra hour or longevity compensation would appear as follows:

<u>Years Experience</u>	<u>BA; Board</u>	<u>Assn.</u>	<u>MA; Board</u>	<u>Assn.</u>
0	8,830	9,350	9,713	10,285
1	9,183	9,818	10,066	10,753
2	9,783	10,308	10,666	11,243
3	10,150	10,824	11,033	11,759
4	10,628	11,365	11,511	12,300
5	11,129	11,933	12,012	12,868

<u>Years Experience</u>	<u>BA; Board</u>	<u>Assn.</u>	<u>MA; Board</u>	<u>Assn.</u>
6	11,655	12,530	12,538	13,465
7	12,208	13,156	13,091	14,091
8	12,788	13,814	13,671	14,749
9	13,397	14,505	14,280	15,440
10	14,037	15,230	14,920	16,185

Also, it should be understood that in last year's salary structure the first two increments were 4%, while the last eight were 5%. The Association maintains that the structure should be changed so all the increments would be 5%. Apparently the Board's proposal does not specifically address itself to the percentage difference between each of the increments.

Association Exhibit 1 compares the increase in the consumer price index with the increase in teacher salaries. The period covered is 1967-68 to 1975-76. The exhibit indicates that the teachers realized their maximum buying power during the year 1972-73. The exhibit also shows that in the year 1976-77, the BA minimum would have to be \$10,855, BA maximum \$16,067, MA minimum \$11,939 and MA maximum \$17,154 in order for the teachers to realize the purchasing power that they possessed in 1972-73.

The Association's exhibits also show that the Board's proposal represents a decline in the percentage of total operating expenditures used for teacher salaries as compared to the previous year. This is so even though the Board is realizing an increase in revenue.

In developing its comparable data, the Association has used the Copper Country Districts of Adams, Calumet, Chassell, Dollar Bay, Hancock, Lake Linden, Portage, Stanton, and L'Anse. A comparison of the 1975-76 BA salary scale for the above mentioned districts, including additional credit payments, shows that out of the ten districts, Baraga ranked ninth on eight of the eleven steps, tenth on two of the eleven steps, and fifth on the

first step. The evidence also shows that out of the comparable districts, excluding Stanton, Baraga has the third highest operational millage rate, i.e., 24.51.

The Association's evidence shows that the Board's proposal, including longevity, Master's differential and extra-duty pay, would cost \$455,185. Further, the Association's evidence shows that the Association's proposal, including longevity, Master's differential and extra-duty, would cost \$480,383. The Board also shows that when the actual expenditures for 1975-76 from the Form B are multiplied by 8.26%, the Board projected budget increase, the total expenditures that would result is \$485,241. The Association points out that this is in excess of what is needed to pay for its proposal.

Association Exhibit 20 is a comparison of its proposal and the Board's proposal to the Copper Country schools' average salary, maximum salary and minimum salary. The information appears as such:

	<u>Board Proposal</u>	<u>C.C. Min.</u>	<u>C.C. Avg.</u>	<u>C.C. Max.</u>	<u>E.A. Proposal</u>
0	8,830	9,075	9,178	9,250	9,350
1	9,183	9,438	9,644	9,805	9,818
2	9,783	9,801	10,118	10,360	10,308
3	10,150	10,254	10,611	10,915	10,824
4	10,708	11,122	11,358	11,650	11,445
5	11,209	11,627	11,869	12,205	12,013
6	11,735	12,146	12,433	12,760	12,610
7	12,288	12,688	13,008	13,315	13,236
8	12,868	13,254	13,608	13,870	13,894
9	13,477	13,846	14,223	14,452	14,585
10	14,117	14,465	14,877	15,233	15,310

The Association's exhibits also show that in 1975-76 the Board received \$793,370 via state aid membership and local taxes. Further, the Association's exhibits show that in 1976-77, the Board should receive \$911,842 from taxes and state aid membership. It maintains that this is an increase of 14.9%. However,

it should be noted that the Board suggests that these figures are inaccurate because they include state aid received for the Community School.

The Association has also submitted a number of the prior Form B's, contending that they should be considered because they constitute a uniform way of measuring the financial condition of the district.

The entire thrust of the Board's case was directed at establishing that it did not possess an adequate ability to pay the increases sought by the Association. The Board presented a series of budgets, the last two of which were the most recent. In the first budget, the anticipated fund equity as of June 30, 1977, would be \$34,008. The Board has also prepared another budget contingent upon the receipt of additional revenues under P.L. 874. That budget shows an anticipated fund equity of \$46,382 as of June 30, 1977. Both budgets include a 5% increase in the amount of money expended for teacher salaries. However, the Board takes the position that in reality, if a 5% increase is given to the members of the Association, the school district would run a deficit for the 1976-77 school year in the amount of \$37,216. The Board arrives at this conclusion by stating that \$54,890, which is carried in the balance sheet as an asset, i.e., the amount due from the Industrial Education Building and Site Fund, does not in fact exist. It makes this statement on the basis that the Industrial Education Building and Site Fund does not exist. The evidence shows that apparently the Industrial Education Building was built pursuant to donations and monies paid from the General Fund. The building was not financed by a bond issue.

The Board's evidence also shows that the entire proposed package offered to the Association would represent an increase in cost of \$36,445.42. According to the Board, this represents a 7.55% increase in expenditures.

Further, the Board maintains that if its proposal were adopted, the total average cost per teacher would amount to \$13,663.36. It further maintains that if the Association's proposal were adopted, the total average cost per teacher would amount to \$14,450.58.

Further, the Board maintains that its proposal, on the BA scale, including increments, represents a percentage increase that ranges from 0% for new teachers to 6.53% for teachers who were on Step 1 in 1975-76. The Board maintains that the Association's proposal, again on the BA scale, including increments, represents an increase of 7.94% for a teacher on the tenth step to an increase of 13.35% for a teacher on the ninth step. On the MA scale, the Board maintains that its proposal, including increments ranges from a 0% increase for new teachers to a 5.96% increase for teachers who in 1975-76 were on Step 1. It maintains that the Association's proposal, again on the MA scale, including increments, ranges from a 7.96% increase for a teacher who is on the tenth step in 1975-76 to a 13.02% increase for a teacher who is on the ninth step in 1975-76.

Further, the Board's evidence shows that the total cost of the Board proposal for 38 teachers, including base salary, longevity, severance, extras, retirement, insurance, substitute teachers and unemployment compensation would amount to \$518,410. It maintains that the Association's proposal, covering the same categories, would cost \$548,324. The cost in 1975-76 was \$494,648 for 39 teachers.

The Board's evidence indicates that the cost of its proposal as it relates to increases in salary only would be \$442,612.44. The Board also indicates that the cost of the Association's proposal, again as it only relates to salary, would be \$468,115.00. The Board also indicates that it will soon be liable for the payment of severance pay to at least two teachers. It maintains that under its proposal the total amount payable would be \$7,828.20, while under the Association's proposal the total amount payable would be \$8,119.80.

The Board has also introduced evidence showing that it will soon need to acquire new school buses for a majority of its current fleet has approximately one hundred thousand miles or more..

The Board has also introduced evidence regarding the change in the fund equity during the period of time from 1972-76. The evidence indicates that the "fund equity" was \$48,737.00 in 1972 and \$52,118.00 in 1976. The "true fund equity" was \$48,737.00 in 1972 and a negative \$2,772.00 in 1976.

Further, the Board indicates that operational expenditures are urgently needed in other areas, and that the expenditures would have been made if adequate funds were available. The figure proposed by the Board, which represents the total cost of the urgently needed expenditures, amounts to \$295,109.00.

The Board's evidence also shows that in 1977-78 it expects an increase in revenues in the amount of \$58,203.00. In 1978-79 it expects an increase of \$57,353.40.

The Board further maintains that because it is fiscal agent for the L'Anse-Baraga Community School Program, the total state aid revenue figure must be reduced by \$70,786.75. The Board maintains this is necessary because that amount of money

must be allocated towards the Community School Program and cannot be used in any other manner.

The Board's evidence also shows that the unemployment rate in December, 1976, for the United States was 7.4%, for Michigan 8.9% and for Baraga County, 14%. Nevertheless, the Board indicates that over the past seven years the taxpayers have been faced with a 46% increase in SEV and in spite of the increase have voted an increase in operational millage from 12 mills in 1970 to 18.5% mills on August 9, 1976.

RESOLUTION

If ability to pay is ignored, the evidence regarding the salaries received by teachers employed in the other Copper County Districts indicates that the Baraga teachers should receive a greater increase in salary than what is being offered by the Board. However, that same evidence indicates that the salary increase proposed by the Association, at every step, is higher than the average salary received by teachers employed in the other Copper Country Districts. Further, the evidence regarding the increase in the consumer price index as compared to the increase in teacher salaries clearly indicates that the teachers should receive a greater salary increase than that proposed by the Board.

Nevertheless, the Board's ability to pay must be considered. The Board has maintained that it in fact is suffering from a negative fund equity by reason of the non-existence of the Industrial Education Building and Site Fund. Thus, the Board alleges that as of June 30, 1976, the Board had a negative fund equity in the amount of \$2,772.00 rather than the positive fund equity of \$31,710.00 contained in the audit report, or the positive fund equity of \$52,118.00 as contained in the Form B.

Apparently, the Industrial Education Building was financed by donations and monies from the General Fund. Thus, the General Fund became responsible for a portion of the cost of constructing the Industrial Education Building. The Board maintains that this method of financing was used rather than a bond issue because at the time the district was at its millage limitation. As a result the General Fund was burdened with the responsibility of paying for a substantial portion of the Industrial Education Building in addition to being responsible for the general operating cost of the district. While the Fact Finder is certainly in no position to judge the previous decisions regarding the Industrial Education Building, it should be noted that if the General Operating Fund did not have the burden of paying for a portion of the Industrial Education Building, that money would have been available for general operations.

The parties disagree on the amount of basic state aid that the district will receive. The Board contends that the amount of basic state aid, which is received for the Community School, cannot be considered as revenues when determining the budget for the district. The Association maintains that the money is received and should be considered as part of the General Fund budget. It should be noted that the audit report shows that the Community School's Fund had a fund equity of \$11,038.00 as of June 30, 1976.

The audit report shows that for the year ending June 30, 1976, the school district had expenditures which exceeded revenues by the amount of \$16,405.00. The Form B shows that expenditures exceeded revenues in the amount of \$3,553.00.

After examining all of the evidence, the Fact Finder recommends that the following salary schedules be adopted:

BA

	<u>OLD</u>	<u>NEW</u>	<u>% INCREASE OVER 1975-1976</u>
0	8,830	9,085	2.89
1	9,183	9,540	3.89
2	9,550	10,017	4.89
3	10,028	10,518	4.89
4	10,529	11,044	4.89
5	11,055	11,596	4.89
6	11,608	12,176	4.89
7	12,188	12,785	4.90
8	12,797	13,424	4.90
9	13,437	14,095	4.90
10	14,109	14,800	4.90

MA

0	9,713	9,994	2.89
1	10,066	10,449	3.80
2	10,433	10,926	4.73
3	10,911	11,427	4.73
4	11,412	11,953	4.74
5	11,938	12,505	4.75
6	12,491	13,085	4.76
7	13,071	13,694	4.77
8	13,680	14,333	4.77
9	14,320	15,004	4.78
10	14,992	15,709	4.78

Cost, excluding extra duty and longevity,
using Association format = \$453,550

Cost of Association Proposal = \$466,733
Cost of Board's Proposal = 442,766

As the above figures indicate, the cost of the recommendation, excluding extra duty and longevity payments, and using the Association's format, equals \$453,550, as compared to the cost of the Association's proposal, \$466,733, and the cost of the Board's proposal, \$442,766.

The above salary schedule is recommended for a number of reasons. First, under the prior salary schedule, the first two steps had incremental increases approximating 4%, while the remaining steps had 5% increases. The evidence submitted by the Association indicates that the other Copper Country schools do not have such a large difference between the first and second

steps and the rest of the salary schedule. Secondly, while the percentage increase is less than the amount sought by the Association, the figures compare very favorably with the average salaries paid at each step by the Copper Country schools. In fact, the recommendation causes Baraga to be ranked more favorably with the Copper Country schools than in 1975-76. Thirdly, even though the Board is not in an enviably financial position, it must assume a reasonable cost increase. True, its proposal would have resulted in all teachers, except new hirees, receiving more salary than in 1975-76; however, the proposal, for many teachers, would result in an increase in salary that would be less than if the teachers did not negotiate a new contract and merely received the increments stated in the old contract. It should be remembered that the incremental system was established in order to recognize the increased worth that a teacher offers as he or she gains experience. Thus, it could be argued that even though increments are negotiable, they do not represent an increase in salary directed at compensating for increases in cost of living. The increments are designed to compensate for the increase in experience. Fourthly, the modest recommended increase is necessary if the salaries paid to the teachers in this district are going to be somewhat comparable to the salaries paid to teachers teaching in the Copper Country Districts.

The Fact Finder can certainly understand the concern that the Board has for its financial situation. Nevertheless, based upon the comparative evidence, it is very difficult to deny a reasonable salary increase. If necessary, and hopefully it will not happen, the Board may lay off teachers in order to conserve funds and cut expenses.

In light of the evidence regarding the existing operating millage and the general economic climate of the community, the Fact Finder cannot recommend an increase in operating millage. The evidence indicates that the community is assuming its responsibility in an admirable fashion.

EXTRA-CURRICULAR PAY

DISCUSSION

In the area of extra-curricular pay, Schedule B, the Association seeks a 5% across-the-board increase.

The Board proposes that there be no change in the Schedule B contained in the prior Collective Bargaining Agreement with the exception that the athletic coach's salary be stayed after the sixth year of experience.

The evidence shows that the extra-duty pay schedule has remained unchanged, for most positions, for a period of five years. Thus, the Association argues that a 5% across-the-board increase is not unreasonable.

The evidence further shows that the total cost of the Association's proposal would approximate \$530.00.

The Board's position is to retain the prior Schedule B and to limit a coach's compensation at the sixth year level. The evidence shows that there are no athletic coaches who have experience that exceeds six years at the present time. The Board maintains that the salary schedule thru the sixth year level adequately compensates the coaches who are participating and that it would be a waste of the taxpayers' money to pay coaches more after they have completed six years of service.

RESOLUTION

There is no evidence regarding the extra-curricular schedules that exist in other Copper Country schools. Simply

stated, there is nothing with which to compare the present Schedule B. The mere fact that the Schedule has remained the same for the last five years does not in and of itself establish that the rates contained therein are inequitable. The minimum nature of the cost involved does not in and of itself justify adopting the Association's proposal.

However, there is nothing in the record which supports the Board's proposal dealing with the limitation to be imposed upon the athletic coach's salary.

In light of the above, the Fact Finder cannot make any recommendation in this area.

INSURANCE

DISCUSSION

The prior Collective Bargaining Agreement contained a provision which stated:

"Board shall pay in full the premium of full family Blue Cross, semi-private, Master Medical, or Super Medical Group Hospitalization MEA for those teachers desiring such coverage."

The Association's proposal seeks the adoption of fully paid MESSA Super Med II for 12 months.

The Board's proposal states:

". . . to continue paying the unit member's hospitalization insurance in either Blue Cross or MESSA, depending on the employee's family status, to a maximum of \$78.80 per month, which is the maximum family plan under one of the carriers. The Board's proposal specifically reserves the right to obtain similar benefits for its employees from any other insurance company after further negotiations with the Association."

The evidence shows that over 75% of the teachers in the Copper Country Districts have the choice of taking Super Med II. Further, of the group that does not have the choice of taking

Super Med II, all but 2% are in Baraga, or have been locked in a multi-year agreement where insurance has not been negotiated. Further, the evidence shows that in 1975-76, the administrators were given SET Ultra-Med C Insurance. The present full family rate is \$103.70 per month.

The evidence further shows that presently Blue Cross Blue Shield full-family coverage costs \$63.12 per month. Self and spouse costs \$57.95 per month and single coverage costs \$24.84 per month. Also, the current rates for MESSA Super Med are \$78.52 for full-family, \$71.40 for self and spouse and \$32.02 for single coverage. Super Med II costs \$94.54 per month for full-family coverage, \$83.86 per month for self and spouse coverage and \$38.48 per month for single coverage.

The evidence indicates that half the bargaining unit is presently covered by Blue Cross Blue Shield, while the remaining half is covered by MESSA Super Med. If all members were to switch to MESSA Super Med II, the additional cost, according to the Association, for the five months left in this contract year, would be \$3,356.20.

The Board's evidence shows that it has unilaterally paid the insurance premiums during the 1976-77 school year in spite of an increase in the premium rate. Further, the Board's evidence indicates that if its proposal were adopted, the insurance cost, calculated on an annual basis, would increase over the prior year by the amount of \$6,179.18. Further, the Board maintains that if the Association's demand were met, the cost increase over 1975-76 would be \$8,062.00.

RESOLUTION

The evidence indicates that the hospitalization insurance plans offered the teachers in the Baraga Township School District

are not comparable to the plans offered teachers in other Copper Country School Districts.

The evidence fails to establish the use of premium caps in any of the other Copper Country Districts. Further, the evidence does show that the across-the-board of MESSA Super Med II would present a substantial cost increase to the Board.

After examining all the evidence, the Fact Finder recommends that the Board continue to pay the full cost of Blue Cross or MESSA Super Med.

Further, the Fact Finder recommends that the teachers be given the option of acquiring coverage under the MESSA Super Med II plan. However, if a teacher desires Super Med II coverage, the teacher must be responsible for one-half of the cost increase.

The above recommendation is made for a number of reasons. The teacher should have the opportunity of upgrading their hospitalization. The evidence clearly indicates that the available coverage is not on par with the coverage available in other Copper Country Districts. However, the Fact Finder is not insensitive to the financial problems faced by the Board. If the Board were not facing financial difficulties, the Fact Finder would have recommended that the Board assume all premium liability for MESSA Super Med II. However, in light of the Board's financial problems, the Fact Finder recommends that the cost increase be equally absorbed by the teachers and the Board.

The Board also reserves the right to obtain similar benefits for its employees from any other insurance company after further negotiations with the Association. The Fact Finder cannot specifically recommend the Board's proposal. However, he would indicate to the parties that if coverage of equal quality and

quantity could be acquired from a different carrier at a reduced premium, common sense would dictate that the carriers be changed.

CONCLUSION

The Fact Finder has carefully considered the evidence before making the recommendations contained herein. He believes that the recommendations can serve as a basis for settling this dispute.

MARIO CHIESA

April 11, 1977