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MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Fact Finding Between:

BELLEVUE COMMUNITY SCHOOLS

and

MERC Case No. L82-D-324

EATON COUNTY EDUCATION ASSOCIATION

Hearing Held December 21, 1982

Before John B. Kiefer, Esq., Fact-Finder  
Appointed by the Michigan Employment  
Relations Commission

Appearances:

For the Association

Jean Cusick  
Larry Fischer  
Lois Shepard

For the Board of Education

Darrel D. Jacobs, Attorney  
Marko Lulich, Superintendent  
Paul Wing, School Board President  
Larry Spaulding, School Board Treasurer

FINDINGS OF FACT AND RECOMMENDATIONS

A prior Collective Bargaining Agreement between these parties having expired on June 30, 1982, and a Petition for Fact Finding having been submitted by the Eaton County Education Association, the undersigned was appointed by the Michigan Employment Relations Commission pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, together with the Commission's regulations, to issue recommendations with respect to the matters in disagreement. The Bargaining Unit in question is composed of approximately fifty-three (53) Teachers; has approximately eleven hundred thirty-five (1,135) students; serves a population of approximately five thousand (5,000) persons, and is located both in Eaton County and Calhoun County. The area is generally a rural-agricultural community, but also serves as

*Bellevue Community Schools*

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a bedroom community for people employed in neighboring cities, but principally Battle Creek, Michigan. At the Formal Hearing, both testimony and numerous exhibits were ably presented by both sides. The unresolved issues in dispute comprise one economic issue and one non-economic issue as follows:

A) Adjustment to Appendix A containing Salary Schedule.

The Association seeks to adjust Appendix A as follows:

"Appendix A: 1982-1983 Salary Schedule

Each step of the salary schedule shall be increased by not less than five percent (5%). For each percent of increase in the 1982-1983 per pupil State Aid Formula above the 1981-1982 per pupil State Aid Formula, the salary schedule shall be increased by one-half (1/2) of one percent (1%) up to a maximum of seven and one-half percent (7.5%). Said adjustments shall be retroactive to August 27, 1982.

1983-1984 Salary Schedule

Each Step of the 1982-1983 salary schedule shall be increased by not less than five percent (5%). For each percent of increase in the 1983-1984 per pupil State Aid Formula above the 1982-1983 per pupil State Aid Formula, the salary schedule shall be increased by one-half (1/2) of one percent (1%) up to a maximum of seven and one-half percent (7.5%).

The Board has offered no increase to Appendix A in the expired Contract for the 1982-1983 school year, but has offered to absorb the increased cost for the health and dental insurance, as well as, to pay the incremental step increases. For the 1983-1984 school year, the Board has offered a five percent (5%) salary increase across the board, in addition to the increased costs of insurance and incremental steps.

The Association introduced many Exhibits showing that eighteen (18) of fifty-three (53) Teachers would receive no salary increase under the Board's offer (Exhibit 25); that the salaries of Bellevue Teachers ranked sixth (6th) or seventh (7th) out of nine (9) Eaton County School Districts in 1981-1982 (Exhibits 27-30), and that the

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Board's offer would lower their standing even further (Exhibits 31-34); that the salaries of Bellevue Teachers ranked between tenth (10th) and fourteenth (14th) out of fifteen (15) Calhoun County School Districts in 1981-1982 (Exhibits 36-39), and that the Board's offer would lower their standing even further (Exhibits 40-43). The Association also argued that the School District has enjoyed a 27.02% increase in general fund revenues over the last four (4) years (Exhibit 50), and that its general fund equity in 1981-1982 was only slightly below that in 1977-1978 (Exhibit 52). Association Exhibits (54 and 55) also purported to show that the Board paid increased administration costs of 40.24% over the last four (4) years, and principals' salaries of 43.7% over the last four (4) years; Teachers' salaries only increased in a range from 34.15% to 35.89% (Exhibits 64-66). This resulted in a loss of purchasing power over ten (10) years in the range of 22% to 28% (Exhibits 67-70).

On the other hand the Board contended that:

- A. Student enrollment is down, consequently there will be a decrease in State Aid dollars.
- B. The District went into the market place and borrowed approximately \$500,000 in anticipation of revenues and the August State Aid which supposedly has been delayed until June of 1983.
- C. The District's total school millage is higher than most surrounding districts of comparable size and SEV.
- D. Teachers' salaries are competitive with surrounding districts of comparable size and SEV.
- E. Teachers were unwilling to reduce the amount of health insurance coverage they presently enjoy or absorb some of the cost of a recent substantial increase in MESSA insurance premiums.
- F. It is doubtful the Board will receive the August, 1982 State Aid payment that was delayed until June of 1983, because of the current state budget deficits estimated to be \$530,000,000, in addition to an anticipated two percent (2%) or more further cuts in State Aid.
- G. Two (2) years ago, the Board, in anticipation of a deficit, reduced staff and academic programs and this

year reduced other programs and services to the detriment of the youngsters and in disagreement with parents, including the reduction of music, art, physical education and the total elimination of sports.

H. Taxpayers are out of work, farmers are losing their farms and generally all but the teachers are of the mind-set that teachers are already over compensated at the expense of the youngsters and their ability to withstand an increase in taxes for greater teacher salaries.

I. From 1978-1982 teachers in the salary schedule over the last three (3) years received a 42% increase in taxable income.

J. The Board has heretofore always maintained a 15% equity fund balance upon the advice of their auditors and feels anything less is imprudent.

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The Board introduced Exhibit 18 which purports to show that its Fund Equity will be wiped out by June 30, 1985 if its plans to reinstate 4.33 full time teachers and extend the six (6) period day and resume about two-thirds (2/3rds) of the activities formerly engaged in, are realized. A breakdown of these costs are shown on Exhibit 19 and total One Hundred Twenty Thousand Dollars (\$120,000.00). To illustrate the economic effects of the recession in the Bellvue area, the Board introduced Exhibit 20 showing that free hot lunches served in the Bellevue School according to poverty guidelines, increased Thirty Three Per Cent (33%) over the last year so that Eighteen Per Cent (18%) of the total school population are beneficiaries of the program. The Board also introduced Exhibit 21 which traces the history of millage elections from April 20, 1971 to date. The Exhibit discloses that during that eleven (11) year period, no new millage proposals have been approved by the electorate.

Thus, numerous Exhibits have been introduced by both sides which are directed at the question of the Board's ability to pay the increased salaries (in addition to the fringes) demanded by the Teachers. This seems to be the crucial question, as it is in most bargaining situations, where employees are seeking to compensate for shrunken pur-

chasing power caused by inflation, and public employers are confronted with other increased costs also caused by inflation, as well as the reduction in revenue caused by the recession and reduced enrollment.

Although the competing statistics offered by the respective parties might appear to be confusing, two (2) facts appear to stand out in bold relief. First, the Board will be operating with a clearly deficit budget which will substantially reduce its Fund Equity, whether we use either the Board's calculations or the Association's figures. Second, the Teachers salaries have not kept pace with the Consumers Price Index since the 1972-73 school year. One may ask how it is possible to reconcile this disparity between limited revenue on the one hand, and reduced purchasing power on the other hand. Of course, the payment by the Board of the increased cost for the health and dental insurance and the incremental step increases which the Board has offered, will help to bridge the gap. But the Fact Finder is of the opinion that these two benefits are not sufficient and that the incremental step increases are designed to promote longevity and are not generally intended to help the Teachers to keep pace with inflation. In his opinion, if the Teachers were to receive no increase in their basic salaries in the first year of the Contract it would be inequitable and unfair, whereas the amount of the increases demanded by the Teachers would seriously jeopardize the Board's financial stability.

Accordingly the Fact Finder recommends that the Teachers be given a Five Per Cent (5%) increase in each of the two (2) years of the Contract, but shall not receive the other requested relief based upon the per pupil State Aid Formula using the 1981-1982 per pupil State Aid Formula. In the Fact Finder's opinion this recommendation shall help to accommodate the conflicting considerations presented in this case.

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B) Extra Curricular Compensation Schedule - Appendix B.

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The Association seeks to add to the Schedule, a position wherein a member of the Bargaining Unit acts as a Teacher to the homebound and hospitalized. This matter was subject to a grievance filed December 9, 1981 in which the Teachers complained that the position was being filled outside the Bargaining Unit. The Arbitrator who heard the grievance issued an opinion on September 9, 1982 in which he found that the position in question was not contemplated when the Contract was negotiated in 1980 and he, therefore, denied the grievance. The Arbitrator suggested that when the Contract for the 1982-1984 years would be negotiated, this addition be the subject matter of bargaining.

The Board introduced no evidence nor exhibits in opposition to the requested addition to the Schedule, but contended that since the position is merely a temporary, irregular job, it has no duty to bargain with regard to it. No authorities for this contention are cited by the Board and, therefore, the Fact Finder recommends that the position be added to Appendix B as sought by the Association.

Respectfully submitted,

John E. Kiefer, Esq.  
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Dated: December 28, 1982.