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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION

In the Matter of:

BENTON HARBOR AREA SCHOOLS

-and-

BENTON HARBOR EDUCATION ASSOCIATION

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY
FACT FINDER'S
REPORT AND RECOMMENDATIONS

APPEARANCES:

For the Benton Harbor
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RECEIVED
MAY 12 1972
STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
MEDIATION DIVISION
DETROIT OFFICE

Money problems have made collective bargaining between the Benton Harbor Area School Board (hereinafter referred to sometimes as "Board") and the Benton Harbor Education Association (hereinafter sometimes referred to as "Association" or "Teachers") a most difficult process. This difficulty is evidenced by the fact that two years in a row, for the 1970-71 school year and now for the present school year, the parties have had to resort to Fact Finding to aid their collective bargaining despite the fact that they have had at least five years of experience in collective bargaining

Benton Harbor Schools

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which would indicate no need for Fact Finding. In fact it is recognized that as collective bargaining becomes more mature in the public education field, there has been less Fact Finding in the State of Michigan. Benton Harbor is bucking the trend. And the reason is simple - money!

Although money is a most serious problem in Benton Harbor, a collective bargaining agreement must be reached. A school district functioning without a collective bargaining agreement is like a listing ship. A lack of a collective bargaining agreement results in unstable labor relations which causes poor morale with intangible detrimental effects on a school system. This is why the need for a collective bargaining contract at Benton Harbor is most paramount. Though the need for a contract is paramount it must not be accomplished so as to put the Board in a financially unsound position. No one, including a Fact Finder has the right to ask a Board to assume such a posture.

Though there were five issues before the Fact Finder, one of the issues, elementary schools' lunch period was resolved by the parties and was withdrawn from consideration. A second issue, pilot program for administrative personnel, did not involve additional funds. As to the pilot program, the Fact Finder made it known during the hearing that this was not a type of issue that should hold up a collective bargaining agreement. It is a novel approach, but it unnecessarily challenges the management rights of a board. It is really up to the Board to determine whether or not it wishes its administrative personnel to teach in the classroom. From an educational standpoint, this may be desirable. But it must be recognized that there are many demands on the time of administrative personnel. The Board has to determine as a matter of management prerogative how to allocate this time. If the Board chooses not to have administrative personnel in the classroom, then the Teachers should not force the issue at the collective

bargaining table because basically such a decision is a management function. Such a demand is no different than the Board dictating via a contract how the Association should conduct its meetings and the number of meetings that should be held a year. For these reasons, the Fact Finder is recommending that there be no language included in the contract on the pilot program.

This brings us to the three remaining issues which are indeed critical to both parties. They hinge on economics. These issues are the question of planning time in the elementary schools, board paid health insurance, and of course, the salary schedule.

When arriving at recommendations, Fact Finders must rely on certain criteria that have been developed by Fact Finders through the years. When the issues are economic, particularly as applied to Benton Harbor, the relevant criteria are the ability to pay, comparisons and the "art of the possible".

Particularly in the last two years, the Board has been plagued by economic problems. In the 1970-71 school year, the Board actually spent \$147,210 more than it received. It received \$10,922,779 and spent \$11,069,989. Fortunately, the Board did have a General Fund Equity and was able to draw on that General Fund Equity to provide the \$147,210. But when a Board follows a policy of drawing from build-up equity, it must look towards obtaining additional revenue to meet current expense. Although the Board spent more than it received last year, it cannot be said that it is engaged in deficit financing because of the healthy state of the General Fund Equity. Furthermore, to their credit, the citizens of the Benton Harbor School District did respond to the Board's obvious needs in voting for a millage renewal.

Nevertheless, the Fact Finder does appreciate the Board's concern because of the tendency to spend in excess of current

revenue. This particular problem because even more acute when it now turns out that because of a dropping student enrollment there will not be as much State aid to the school district which means that the district must rely more on local financing.

The acuteness of the Board's problem becomes even more clear when one examines the economic issues separating the parties. In the area of salaries, the Teachers are asking for a BA minimum of \$8,025 or \$525 raise. When it is recognized that with 534 Teachers or thereabouts, a \$500 raise would represent somewhere in excess of \$250,000 additional needed costs. The Teachers are asking for fully paid health insurance. This item alone with this number of Teachers would amount to another quarter of a million dollar increase for the Board. Finally, the Teachers are asking for preparation time in the elementary schools to be obtained by the hiring of music, art and health education teachers. The mere hiring of 12 Teachers at an average of \$10,000 a teacher could add another \$120,000. When these figures are added together, it is clear that the Board is being asked to spend substantial additional sums to employ teachers. This becomes a very difficult prospect to the Board whose initial budgets show that even in the 1971-72 school year, there is a potential excess of expenditures over revenue and a continual reliance on reducing the General Fund Equity. And this is a budget that has no provision for Board fully paid family hospital-medical insurance or anything like the salary demands of the Teachers.

On the other hand, the Teachers look to surrounding school districts and note that the teachers in many of those districts have been receiving raises and did receive raises for the 1971-72 school year. They particularly look to the twin City of St. Joseph where the teachers there did receive a \$471 raise at the BA minimum. In fact in Berrien County the raises at the BA minimum have varied from \$150 up to \$500 depending on the school

district and the circumstances. We have suggested that comparables are indeed important, but they also can be misleading. One must, in making comparables, consider the ability to pay, the tax base and other factors such as the index of the salary schedule.

There is also another comparable that is most important here. As matters now stand, for over five years of a collective bargaining relationship, the Teachers have not been able to gain fully paid family hospitalization-medical insurance. Most school districts in Berrien County, as well as other Berrien public employers, let alone private employers, do provide fully paid family hospitalization-medical insurance.

We have thus focused on what are the two gut economic issues here. One of the problems in arriving at a salary schedule in Benton Harbor is the insistence of the Teachers in adhering to what has become a very advantageous index system, namely, the present six percent index. The Teachers have insisted on this and by doing so they cannot necessarily compare themselves with other school districts who do not have the advantage of such an attractive index system which affects Teachers at all steps. The other gut issue is establishing employer paid hospitalization-medical insurance. The Teachers have never accomplished this before. And yet, it is a very high cost item to the Board.

We finally turn to the third economic issue, namely, the question of preparation time for elementary school teachers. Even this costs money - somewhere in excess of \$120,000.

When one considers the entire situation, one cannot help but recognize that the Benton Harbor School District must give an increase in salary to the Teachers for the market place is doing this, i.e. the other school districts in Berrien County. One must

recognize that fully paid family hospitalization-medical insurance is most important because other school districts and other employers are providing it. Finally, elementary classroom teacher preparation time is a reasonable request.

But all these cost money and the question is, using the "art of the possible" criteria, how can the Board meet these demands which are indeed reasonable and consistent with the market place, i.e. other Berrien County school districts?

The key is to give the Board an opportunity to engage in long range financial planning. It obviously needs more money to meet even the basic reasonable request of the Teachers. This cannot be done in a one year contract. It is important that the parties enter into a contract of longer duration. Therefore, this Fact Finder is recommending that the parties enter into a two year contract expiring August, 1973 covering both the 1971-72 and the 1972-73 school years. This will allow the Board to engage in long range financial planning. We have not recommended a contract for longer than two years because we believe that the Teachers are entitled to reappraise their position at the end of two years in view of the issues involved in this collective bargaining situation.

The Board should recognize that most of the school districts in Berrien County are providing fully paid family hospitalization-medical insurance as are other public employers. For this reason, beginning February 1, 1972, the Fact Finder is recommending that the Board provide at its expense, fully paid family hospitalization-medical insurance sponsored by MESSA and known as super MESSA. However, in doing so, the Board may limit its payments to \$48 a month to protect itself against any increased cost. Beginning in September, 1972, the limitation on the Board will be increased to \$50 a month

to cover any potential increased cost. These limitations are just that. If the cost is less, then the Board may take advantage of the less cost. It is further encompassed in this recommendation that if the teacher involved chooses not to carry hospitalization insurance, the Board has no obligation to pay for same. In other words, the Fact Finder is not recommending the MESSA optional package for Teachers not carrying the hospitalization-medical insurance.

We now turn to the salary schedule. We emphasize to the Teachers that the important point was to obtain family hospitalization-medical insurance paid for by the Board. We also emphasize that the Board does have financial problems and that the Teachers cannot have a high salary schedule, plus obtaining a benefit which they have not, in five years, been able to obtain.

For this reason, for the school year, 1971-72, the Fact Finder is recommending a salary schedule beginning at the BA minimum of \$7,650 at the same index contained in the 1970-71 contract which the Fact Finder understands to be a six percent index. The Fact Finder will recommend that this schedule be retroactive to August 30, 1971 subject to the approval of the proper federal government agency. If such approval is not forthcoming, then this recommendation as to salary should be retroactive to the earliest date subsequent to August 30, 1971 as permitted by government regulations. In any event it should at least be put into effect immediately.

We believe that by the nature of public employment and the prohibition in Michigan against public employee strikes, plus the necessary time involved in Fact Finding there is ample justification in this situation for a government agency to grant the increase recommended herein retroactive to August 30, 1971 or some subsequent date thereto. But as indicated, this is up to the government agency involved.

Beginning with the school year 1972-73, the Fact Finder is recommending a salary schedule beginning at the BA minimum of \$7,975 which again shall be at the same index contained in the 1970-71 contract, the so-called six percent index.

We recognize that such a recommendation does not bring Teachers up to the salary schedule of St. Joseph which during the current 1971-72 year is higher than the \$7,975. However, the Teachers last year entered into a contract which indicated they were \$100 below the St. Joseph schedule. The past history indicates that the relationship between the Benton Harbor schedule and the St. Joseph schedule have fluctuated. We must remind the Teachers that these recommendations have accomplished two points which are most important to them. They now have fully paid family hospitalization-medical insurance though it does have a cap on it. Likewise, the Teachers have maintained there is a six percent index in what they believed was so important.

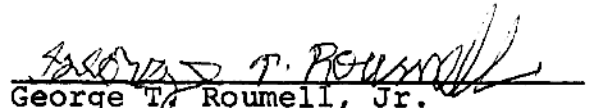
Taking from an overall point of view the Teachers have fair reasonably consistent with the Board's ability to pay.

From the Board's standpoint, we admit that this means additional cost for Teachers' salaries and benefits. Nevertheless when one reviews the entire economic recommendations, one must recognize that the whole gist of the recommendations is to give the Board time to engage in financial planning and yet keep the Teachers somewhat competitive in the market place without causing the Board too much financial hardship. We think these recommendations accomplish this point.

As to elementary school preparation time, we are recommending that beginning with the 1972-73 school year, each elementary school teacher shall receive one-half hour a week preparation time. The method of implementing this will be up to the Board. The Teachers did make suggestions during Fact Finding as to how this could be accomplished including the hiring of special teachers

such as art, music and health education teachers. However, consistent with the theme of permitting the Board to make its own financial adjustments, the method of accomplishing this half hour preparation time shall be left up to the Board. The Board should note further, that the implementation of a half hour preparation period has been deferred until the second year of the contract so as to again give the Board the opportunity to adjust its financial commitments.

We believe as the recommendations are fair to both Teachers and the Board and it is hoped that they can be adopted forthwith and incorporated into a collective bargaining agreement.


George T. Roumell, Jr.
Fact Finder

DATED:

December 29, 1971