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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION
FACT FINDING REPORT

MICHIGAN EDUCATION ASSOCIATION,
SUPERVISORY-TECHNICAL
ASSOCIATION,

Union (Petitioner),

-and-

MERC Case No: L91 D-0578

CENTRAL MICHIGAN UNIVERSITY,

Employer.

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APPEARANCES

On Behalf of the Union:

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On Behalf of the Employer:

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DIVISION OFFICE

Central Michigan University

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FACT FINDING REPORT

I. STATEMENT OF FINDINGS

A petition was filed in this matter by the MEA on behalf of the Supervisory-Technical Association on October 31, 1991. The Employer did not file an answer pursuant to Rule 33. The fact finder was appointed December 6, 1991. A pre-hearing telephone conference was held February 3, 1992 that established procedural matters, identified the issues and set hearing dates. The hearing in fact took place on April 9, 1992, at Central Michigan University, Mt. Pleasant, Michigan. The Union was represented by Ms. Diane Malmo, Uniserv Director, MEA, while the Employer was represented by Mr. Robert M. Vercruysse, Attorney.

The Petition, as noted, was filed by the Union and sets forth a number of issues which separated the parties at the time. There are approximately 150 technical or supervisory employees in the bargaining unit; five are regular part-timers who do receive contract benefits at the present time. There were originally seven issues;

however, the issues relating to reclassification, higher classification pay and vacation were resolved by the parties by the time of hearing.

The evidence discloses that the parties engaged in a number of lengthy negotiation sessions and at least four substantial mediation sessions. These efforts resulted in a tentative agreement being reached between the parties on September 13, 1991 (see University Ex. 1). The Union membership, however, rejected the tentative agreement on September 17, 1991. A subsequent mediation session did not resolve the issues, and still later, the petition was filed. Obviously, the parties continued to discuss their differences and were able to settle three of the seven remaining issues prior to hearing.

The issues to be presented and that need recommendation are as follows:

1. Health Insurance
2. Dental Insurance
3. Vision Insurance
4. Wage Rates - Salary

The parties submitted written positions on each issue on or about May 8, 1992. Also, the settlement terms between the University and the clerical unit - UAW Local 6888, whose unresolved issues had been submitted to fact finding (see Joint Ex. 2) were received on May 26, 1992 and are being considered as a part of the evidence in this matter, there being no objection on behalf of the Union.

The position of each party with regard to the issues is as follows:

1. HEALTH INSURANCE

A. S/T Association Position:

The Employer shall provide without cost to the bargaining unit member MESSA Super Care 1 Protection for a full twelve (12) month period for

the bargaining unit member and his/her entire family and any other eligible dependents as defined by MESSA.

B. University Position:

The University proposes to continue to fund coverage comparable to Blue Cross/Blue Shield Low Option coverage, which is the coverage level the University has always funded for this group and all other staff groups on campus.

The University proposes to describe the level of coverage in the contract and not be locked into a specific carrier. The Union wants to name the carrier providing the coverage. The University feels it is necessary to preserve its right to bid out the coverage in order to obtain the best possible rates for the entire campus.

The University proposed that the employer would pay the following amounts for full time employees for 1991-92 up to: \$290.40/month for family, \$260.93/month for 2 person, \$120.67/month for single coverage with payback for those who do not sign up for health coverage at \$72.30/month.

The University has proposed to reduce the employer contribution for part time employees from family health coverage to single health coverage - covering the employee only.

The University suggests eliminating health, dental, vision and payback benefits/provisions for part time employees. It has agreed with the UAW to delay the benefit reduction until June 30, 1994. The reduction would be effective immediately for all newly hired part timers.

2. DENTAL INSURANCE

A. S/T Association Position

The Employer shall provide without cost to the bargaining unit member, MESSA/Delta Dental Plan A modified (Class I - 75%, Class II - 60%) with orthodontic rider 0-6 maximum \$2,000 plus the corresponding adult orthodontic rider, including internal and external coordination of benefits (COB), for all bargaining unit members and their eligible dependents as defined by MESSA/Delta.

B. University Position

The University proposes to continue the current dental program for full time employees, while it suggests the elimination of the benefit for part time employees.

It proposes to continue describing the dental coverage in the contract, not to refer to a specific carrier, and specify maximum contribution levels as set forth in the supplement to Joint Ex. 1 - collective bargaining agreement.

3. VISION INSURANCE

A. S/T Association Position

The Association provision on vision insurance is to continue the current contract language.

B. University Position

The University proposes specifying the maximum contribution level as contained in the supplement to the current collective bargaining agreement.

4. WAGE RATES

A. S/T Association Position

1991-92

Effective July 1, 1991 each employee shall advance one step on the salary schedule.

For the period from July 1, 1991 through December 31, 1991 the salary schedule shall be the 1990-91 salary schedule.

For the period from January 1, 1992 through June 30, 1992, each step of the 1990-91 salary schedule shall be increased by the percentage rise in the Consumer Price Index for Urban Wage Earners, U.S. Cities average, all items for the period from June, 1990 through June, 1991.

1992-93

Effective July 1, 1992 each employee shall advance one step on the salary schedule.

For the period from July 1, 1992 through June 30, 1993, each step of the 1991-92 salary schedule shall be increased by five and seven-tenths (5.7%) percent.

1993-94

Effective July 1, 1993 each employee shall advance one step on the salary schedule.

For the period from July 1, 1992 through June 30, 1993, each step of the 1992-93 salary schedule shall be increased by six (6%) percent.

B. University Position

The University proposes the elimination of the current step structure.

The University proposes a wage freeze for 1991-92, and proposes to increase wages across-the-board by three (3%) percent for 1992-93 and three (3%) percent across-the-board for 1993-94.

Numerous exhibits were introduced into evidence and are set forth as a necessary part of the established facts in this case:

- J-1 1988-91 Collective Bargaining Agreement with 1990-91 Supplemental Agreement
- J-2 University and UAW Local 6888 Fact Finding Case
No: L91 F-0461 - Bernard Klein, fact finder
- S/T-1 CMU Financial report year ended 6/30/91
- S/T-2 CMU 1991-92 Operating Budget
- S/T-3 CMU report of budgetary observation and alternatives to the President by Budget and Planning Council Subcommittee
- PLACHTA report
- S/T-4 Budget update April 2, 1992
- S/T-5 Percent change students and staff groups, 1972-90
- S/T-6 Fund balances as of 6/30/91 and 6/30/90 - this date includes unrestricted as well as restricted funds and was prepared from the financial data contained in S/T-1
- S/T-7 Cost of Association proposed benefit increases 1991-92 - this exhibit covers the cost of the Association proposals for health insurance - single, 2 person, full family, and payback; dental insurance and proposed (Delta) and vision insurance proposals.
- S/T-8 The Association wage proposal, contract years 1991-94 - attached to the proposal are attachments A through G which set forth cost analysis of the Union wage and salary demands
- S/T-9 List of unit classifications - as set forth there are approximately

- 110 classifications assigned to 151 bargaining unit members.
- S/T-10 Shows part time employees and their current health and dental obligations - there are 7 employees listed, however, Ms. Huggard and Ms. Thelen should not be considered. The document also shows the ratio of hours of work to a full time position according to the definition as set forth in the collective bargaining agreement.
- S/T-11 Shows the comparison between the S/T salary increases and the consumer price index of 1987 including the S/T proposal for 1991-92. The index is based on all urban consumers(CPI-U)
- S/T-12(A) Shows the S/T salary as a percent of the general fund 1990-91
- S/T-12(B) Shows the S/T salary proposal as a percent of general fund (1991-92). Both exhibits 12(A) and 12(B) show the S/T salary as 3% of the general fund although the dollar figure of both fund balance and S/T salaries have increased. The proposed salary increases over 1990-91 for 1991-92 on these two charts are estimated to be approximately \$181,000
- S/T-13 Displays the percent salary increases of various employee groups including a number of bargaining units from the years 1987 up to 1992. It should be noted that the most recent information received as to the UAW/clerical for 1991-92 is a wage freeze, whereas the document indicates unsettled. Senior officers and NABET (public broadcasting) employees received similar wage freezes for the same period. An earlier negotiated contract resulted in the following increase for 1991-92. AFSCME - 5%; A.P. - 5.7%; faculty - 7%; off campus - 4.5%. For the years 1992-93, AFSCME - 5%; NABET - 4.59%; faculty - 7%. It is now known that the UAW clerical have settled for the offered 3%.
- S/T-14 Sets forth the layoff in January, 1991, the approximate number of employees, the number of layoffs, and the layoffs as a percentage of the employee groups. This exhibit shows police members suffered the largest percent reduction whereas the S/T Association incurred the second largest reduction with 5 members laid off or a 3.3% reduction in the unit.
- S/T-15 Supervisory/technical wage structure-wage scale
- S/T-16 Indicates the number of employees hired since July, 1986 and the location of their previous employment outside a 25 mile radius
- U-1 Tentative agreement between the parties reached 9/13/91
- U-2 Compilation of 60 pages of fact finding budgetary exhibits that include major changes to the financial plan projection, financial plan summaries from 1991 to April 2, 1992, summary of appropriation reduction, enrollment data, tuition and fee increase information, phase 1 and phase 2 budget reduction details.
- U-3 Compilation of news and periodical information indicating economic trends in higher education

- U-4 Financial plan total - prospective of cumulative surplus at July 30, 1995. This document projects a surplus of \$170,659 over the years 1991-95. This is a .03 projected surplus compared to the projected revenue over that same period.
- U-5 Statement of the current contract language, Union proposal and the University proposal on the health care issue.
- U-6 Display of the health insurance premium 1991-92 and the annual cost difference based on enrollment of March 14, 1991
- U-7 Internal comparison of health care coverage 1991-92 of employee group broadcast, maintenance and food service, police, clerical, and supervisory technical
- U-8 A map indicating 25 mile radius from the University.
- U-9 Percent of S/T members living within 35 mile radius and outside 35 mile radius
- U-10 Recruitment review for the years 1986-91
- U-11 Comparison of the turn over rate between supervisory technical 1987-91 and the national average
- U-12 Listing of supervisory technical classifications as of 3/14/91
- U-13 Local survey as of November, 1991
- U-14 Comparison of health care coverage with local employers
- U-15 Comparison of health care coverage with state universities (Michigan)
- U-16 Benefits as a percent of payroll for 11 employee groups
- U-17 Local benefit survey of employers within a 35 mile radius
- U-18 State university benefit survey comparison of hourly costs
- U-19 Periodical report from controller's report that BNA policy and practice series bulletin to management concerning health care costs
- U-20 Profile of S/T population as of March 14, 1991
- U-21 Comparison of S/T hourly rates
- U-22 Projected annual saving for reduction in part time insurance which also displays the cost of \$6,731 savings/cost of providing health, dental and vision coverage to part timers
- U-23 Indicates employee groups with reduced part time insurance coverage. The listing includes senior officers and broadcast groups. It should be noted there are no part timers within those groups so it is not surprising that none are listed. Part-timers in the areas of administrative, professional, off campus, temporary faculty, and now, based on the most recent settlement of Local 6888, clerical, apparently have a reduced benefit . Health, dental and vision insurance coverage is now being reduced on June 30, 1994 for the UAW unit. This date appears to be the last day of the collective bargaining agreement on 6/30/94.
- U-24 Local survey of employer-part time benefits
- U-25 Dental insurance premium - Blue Cross Blue Shield and Delta Dental. Comparisons of the monthly difference and the annual

- difference based on current enrollment.
- U-26 Dental coverage comparison between employee groups indicating the S/T group comparable to the majority.
 - U-27 Dental coverage comparison - Local employers
 - U-28 Comparison of dental coverage with state universities
 - U-29 Comparison of S/T wages with that of a local survey (1991) and selected classifications: nurse aide, switchboard operator, computer operator, office supervisor, production supervisor (supervisor of maintenance mechanics). It should be noted that this comparable group is different from the group the employer used for the benefits survey
 - U-30 Comparison of S/T wages with a local survey (1992) same classifications.
 - U-31 1991-92 annual adjustments - wage. This document indicates that of the ten employee groups five have accepted a wage freeze (this includes the most recent UAW settlement) while four groups received the following total compensation increases: faculty - 7.28, maintenance/food service - 5.40, senior officers - 0.14, administrative professional - 6.22, off campus - 4.87, temporary faculty - 0.04, public broadcasting - 1.21, police - 0.35.
 - U-32 1992-93 annual adjustments for selected employee groups, senior officers - 3%, administrative professionals - 0, off campus - 0, public broadcasting - 4.59, maintenance/food service -5, faculty - 7.
 - U-33 Comparison of salary/total compensated adjustment, 10 year review, 1981-1991
 - U-34 Listing of State of Michigan employee group settlements which indicate no growth contract and no wage increase in fiscal year 1993 and benefit freeze level at fiscal year 1992.

The following individuals gave testimony on behalf of the Union: Dr. Rodney Kirk, President, Faculty Association; Dr. Leroy Dubeck, MEA Consultant; and Ruth Helwig, Chairperson, Union negotiating committee. And, the following testified on behalf of the Employer: Jerry Scoby, Executive Assistant to the President - Budget Planning; Richard Davenport, Vice Provost, Academic Affairs; and Maxine Tubbs, Director of Staff Personnel Services.

Both parties did an excellent job in their presentation of data and testimony. Likewise, the written position statements were concise, to the point, and in support of the respective positions. All the data was considered carefully. It is no secret for those

of us who are engaged in the business of public sector bargaining, dispute resolution, and the like, within the State of Michigan, that the impact of reduced financial resources is a fact of life. All dependent agencies and institutions have suffered a lack of certain state funds that, in the past, were available. If half the information that is disseminated from Lansing is to be believed, the state is in fairly serious financial difficulty. On top of that, apparently there are serious attempts to require the State of Michigan to balance its budget. Shrinkage of available state funds is an economic reality.

Therefore, there is sufficient evidence in the record to support the fact that the University is experiencing financial difficulty. It has instituted two budget reductions. It is experiencing a tuition and fee income reduction due to the reduced hours taken by its customer/students and obviously, the State of Michigan, has reduced its appropriations available to the University.

However, what is somewhat troublesome to the fact finder is that in spite of these same economic conditions, with full knowledge of the University's financial condition, the University has agreed to substantial wage increases with some employee groups. Fact Finder Klein also found this notion troublesome when he stated:

It is not sufficient to say that the University is now attempting to negotiate give backs from those units since the University might not be successful in achieving this plus at least those units have from what to give back. Nor is it a very strong argument to point out that the top administrators have accepted a wage freeze this year. They are the ones who should be setting an example and can probably most afford a freeze.

The University argues, regardless, based on the Plachta report (S/T Ex. 3), and the phase 1 and 2 recommendations, that each employee group should take a wage

freeze in at least one year of the contract. Apparently the University will attempt to do so with those groups, referred to above, who benefited by more lucrative earlier settlements. Regardless, the fact is that some groups, including the most recent of the UAW have accepted a wage freeze for 1991-92.

The fact finder cannot, based on the financial data submitted, and the projected budget concerns of the University help but lean toward the wage position of the Employer. This position is supported by the data submitted, the Union's Ex. S/T-3, past settlements, and the recent UAW settlement even though Fact Finder Klein had recommended a higher wage package.

Moreover, it is also common knowledge for those of us who work closely in this field that health care costs are escalating at what is described sometimes as "an alarming rate". Some have described this condition as a health care crisis. Employers have to be vigilant in terms of their costs when considering its obligation made in collective bargaining agreements. The University's ability to provide continued benefit levels is important to all employees as well as the S/T group. Ability to pay is a consideration that is most important in considering benefit levels. Equally important in this regard is the Employer's ability to be competitive in terms of providing a system of health, vision and dental care. Therefore, this writer agrees with Fact Finder Klein in that the University should be permitted to "shop around" for the lowest cost and carrier that would provide coverage equal to current provisions. The Union must be consulted before changes are made, however. The issue regarding part time employees was rejected by the fact finder in the UAW case. In that case there are some 51 or 52 part timers involved. In this particular case there are only 5 part time employees. It could be argued that the impact of any savings might be

inconsequential considering the size of the budget. A \$6,700 saving is just not going to dramatically affect the budget one way or another. It has been suggested that current members be grandfathered. The fact finder agrees that the fairest method would be to "grandfather" or "red circle" the current employees, but apply the reduction/elimination provision to new hired part timers. Part time benefits were not affected by the tentative agreement reached with this unit. Also, the effect of the current settlement with the UAW clerical delays the benefit reduction for part time employees until what appears to be the last day of the contract in 1994. The parties may negotiate that, but I would not recommend it at this time. The recommendation with regard to part time employees is: they should get the same benefits, health, dental and vision, as they currently receive. If the Employer is going to institute a reduction in benefits for part timers, they should do it on a new hire basis.

Moreover, the comparative evidence does not support an elimination of the current wage structure - scale. This elimination was not a part of the parties' tentative agreement, nor does it appear to be a part of the settlements reached with other bargaining units.

The Union suggested increase in benefit levels for health and dental coverage are simply not supported by the evidence. To grant this demand would escalate the cost of the benefits, while all the suggested data supports the notion that the cost of these benefits, paid fully by the Employer, and the right to bid these costs, should be as suggested by the Univesity. It is obviously prudent business practice to attempt to control the costs.

The Union suggested increase in wages has some support in some of the internal comparables. But, with the current financial data, and projections, it appears

that the better economic course for this term of contract is to adopt the wage increase offered by the Employer. In addition, some of the units such as the UAW accepted the same offer in spite of the recommendation of Fact Finder Klein. As noted earlier, however, there is no support for the elimination of the wage structure scale as suggested by the University.

II. RECOMMENDATION WITH REGARD TO THE ISSUES IN DISPUTE

1. HEALTH CARE

The current level of coverage for health care shall remain as it is provided in Joint Ex. 1 with the improved amounts as suggested by the University. The carrier need not be specified. The Employer should have the opportunity to shop the costs for identical benefits. The Union should be a part of this and other cost saving attempts that affect their contract benefits, such as dental and vision coverage.

This benefit should continue to apply to all members of the bargaining unit including part timers.

2. DENTAL CARE

The proposal of the Employer is adopted regarding a maximum dollar amount and the coverage levels. A carrier need not be described, and likewise the Employer has the right to bid for lower costs, if necessary. This benefit should apply to all employees of the bargaining unit, including part timers.

3. VISION CARE

This benefit should remain at the level suggested by the Employer, however, part timers should continue to receive this benefit during the life of the collective bargaining agreement.

4. WAGE RATES

1991-92 - 0% - wage freeze at 1990-91 salary levels

1992-93 - 3% across-the-board


1993-94 - 3% across-the-board

The wage rates, absent the suggested elimination of the step structure are recommended because they are more in keeping with the objectives of the Plachta report, the economic projections of the University, and with some of the recent settlements with other collective bargaining units, i.e., the UAW.

CONCLUSION

The above recommendations should be made public, and hopefully will form the basis for the resolution of the parties' disputes, and ultimately a collective bargaining agreement covering the period July 1, 1990 through June 30, 1994.

Respectfully submitted,



John A. Lyons, Fact Finder

Dated: June 10, 1992