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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

FACT FINDING REPORT

Centreville Public Schools Instructional
and Noninstructional Aide Bargaining
Unit, Southwestern Michigan Educational
Association/MEA/NEA,

UNION

-AND-

MERC Case No. G 94 D-3045

Centreville Board of Education,

EMPLOYER

APPEARANCES

ON BEHALF OF THE UNION:

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ON BEHALF OF THE EMPLOYER:

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FACT FINDING REPORT

I. BACKGROUND

The undersigned was appointed on September 3, 1996 by the Michigan Employment Relations Commission to serve as fact finder in the above-captioned matter. A prehearing telephone conference

was held on October 7, 1996 wherein open issues were identified and a hearing date was established for Thursday, November 21, 1996. At the request of the fact finder a copy of the current labor agreement expiring June 30, 1994 was mailed to the fact finder by the Union and the parties exchanged exhibits on or before five p.m. Thursday, November 14, 1996, in an attempt to expedite the fact finding hearing. Post hearing briefs were submitted to the fact finder and opposing party postmarked no later than Monday, December 9, 1996.

The Union was represented by Uniserv Director, Richard G. Slagter. Mr. Slagter presented 11 exhibits and the Union position on each of the issues. The Employer was represented by Mary E. Delehanty of Gemrich, Moser, Bowser and Lohrmann. Ms. Delehanty presented three exhibits on the Employer's position on each of the issues. Assisting Mr. Slagter's presentation were MEA representatives Mike Stephens and Thomas Phillips. The sole witness for the Employer was Michael R. Krigelski, Superintendent of Schools for the Centreville Board of Education. Both parties were well prepared and were able to present their proofs in a professional, orderly and concise manner.

The fact finder accepted all evidence proffered by either party in the interest of providing an open and fair hearing. Objections of the Employer were duly noted regarding the accuracy of certain statements relating to bargaining history as well as some of the mathematical calculations contained in three exhibits submitted by the Union.

Both parties submitted comparable data which included, by stipulation, the Centreville Public Schools and eight other comparable school districts i.e. (alphabetical order):

1. Burr Oak
2. Colon
3. Constantine
4. Mendon
5. Nottawa
6. Sturgis
7. Three Rivers
8. White Pigeon

As previously noted, numerous exhibits (20) were introduced and accepted into evidence and have officially been made part of this record (see Appendix A). All exhibits were admitted and form, in addition to the testimony and written positions of the parties, the factual background to this report.

II. THE ISSUES IN DISPUTE

During the prehearing telephone conference the parties identified three economic issues in dispute per the MERC petition for fact finding. However, prior to hearing, this list was revised and the parties stipulated that the following five issues are in dispute:

1. Salary/Workday
2. Holidays
3. Health Insurance
4. Sick Leave/Accumulation
5. Personal Leave Days

All other issues have been or will be resolved upon resolution of the five issues in dispute.

1. Salary/Workday

Schedule A

Union position: 1994-1995 two percent on schedule.
1995-1996 three and a half percent on schedule. 1996-1997 three percent on schedule. 1997-1998 three percent on schedule.

Employer position: 1994-1995 one percent on schedule.
1995-1996 two percent on schedule. 1996-1997 two percent on schedule. 1997-1998 two percent on schedule.

Article II. Working Conditions and Hours

Union position: Workday for noninstructional aides should remain eight hours per day plus one half hour unpaid lunch. Instructional aides seven hours 20 minutes per day including paid lunch. Union's proposal is to maintain the status quo as provided in Schedule B of current labor agreement.

Employer position: Eliminate the one half hour paid lunch for instructional aides as provided in Schedule B. Remaining language unchanged.

2. Holidays

Article IV, Section 4.5

Union position: Current contract language, i.e. the following days shall be observed as paid holidays for all employees on more than a 180 day work year: New Years Day, the day prior, Memorial Day, Labor Day, Thanksgiving Day and the day following, Christmas Day and the day prior. Only full time employees shall receive holiday pay. Full day pay will be given for Good Friday if school is in session for a half a day.

Employer position: Same as Union position for current employees only. Employees hired on or after June 7, 1996 shall be deemed eligible for holiday pay subject to the following terms and conditions:

1. The aide must be scheduled to work full time during the regularly scheduled work year.

2. The following holidays are recognized: Memorial Day, Labor Day and Thanksgiving Day.

3. Health Insurance

Schedule C

Union position: Current contract language. Aides may purchase health insurance through the Board carrier by making arrangements with the central office.

1992-1993 Allowance: \$1,750.30 shall be allocated toward the purchase of health insurance for noninstructional aides (this is ten-twelfths of the single subscriber amount). \$1,575.27 shall be

allocated toward the purchase of health insurance for instructional aides (this is nine-twelfths of the single subscriber amount).

1993-1994 Allowance: The allowances for these years shall be calculated in the same fashion using a single subscriber premium amount. Instructional aides electing to take health insurance shall be provided an allowance equal to nine-twelfths of the single subscriber premium amount for health insurance. Noninstructional aides shall be provided an allowance of ten-twelfths of the single subscriber amount. Aides not electing health insurance shall be provided with the plan set forth pursuant to a Section 125 plan.

Either option must be stipulated in writing by September 15. It is not subject to change. Prepayment for summer coverage will be required. Payments shall be made in two payments and at the payroll closest to December 15 and May 15.

Health insurance shall be Super Care One or its substantial equivalent as determined by the Board. It is understood and agreed by the parties, however, that in no event shall the Board be required to increase 1994-1995 monthly premiums contribution rates after the expiration of this agreement except as the parties may mutually agree otherwise.

Employer position: Bargaining unit members hired after June 7, 1996 would have no health insurance benefits. Eligible aides may purchase health insurance through the Board carrier by making arrangements with the central office. Eligibility requirements

for health insurance shall be as follows:

Option One

Health Insurance Allowance

A. Full Time Employees Hired before June 7, 1996.

A full time aide who has completed a probationary period is eligible to receive a health insurance allowance which may be applied toward the purchase of health insurance through a Board selected carrier. The allowance shall be computed as follows:

1. Ten month employees. A sum equivalent to the single subscriber monthly premium rate for ten months.

2. Nine month employees. A sum equivalent to the single subscriber monthly premium rate for nine months.

B. Part Time Employees Hired before June 7, 1996.

An aide who works more than three hours per day or more than 15 hours per week but less than six and one half hours per day or 32 and a half hours per week is eligible to receive a proration of the single subscriber monthly premium rate which may be applied toward the payment of an applicable monthly premium of the coverage plan.

Option Two

Section 125 Plan

In lieu of electing insurance coverage an otherwise eligible aide may elect to receive a Section 125 plan benefit as follows:

A. Full Time Employees Hired before June 7, 1996.

The sum of one thousand dollars payable in two installments of five hundred dollars each on pay dates closest to December 15

and May 15 respectfully.

B. Part Time Employees Hired before June 7, 1996.

A prorated sum consistent with the number of hours worked by the aide in relationship to payment in A above payable to substantively equivalent payments on pay dates closest to December 15 and May 15 respectfully.

Conditions and Limitations

A. Insurance Plan

The insurance plan shall be MESA Super Care One or a substantively equivalent plan as determined by the Board.

B. Elections

Each aide must select either Option One or Option Two not later than September 15 which election is not subject to change. Arrangements for prepayment of the unpaid balance of the insurance plan selected by the employee must be made at the time of election. An aide who elects Option Two must be regularly employed by the Board on the scheduled payment dates in order to be eligible to receive any such payments.

C. Premium Adjustments

It is understood and agreed by the parties that in no event shall the Board be required to increase the 1997-1998 monthly premium contribution rates after the expiration date of this agreement except as the parties may mutually agree otherwise.

D. Insurance Year

The insurance year shall be deemed to begin October 1 and to terminate on September 30.

4. Sick Leave/Accumulation

Schedule C, Authorized Leaves and Seniority

Union position: Current contract language. Each full time aide shall be credited with five (5) days at the beginning of each semester. The days shall be prorated in event of termination with the school district. Unused sick leave may be accumulated to 75 days.

Employer position: Same as Union position for current employees only. Employees hired after June 7, 1996 shall be credited with two and one half days of sick leave at the beginning of each semester. Days shall be prorated in the event of termination with the school district. Unused sick leave may accumulate to 50 days.

5. Personal Leave Days

Schedule D, Authorized Leaves and Seniority

Union position: Current contract language. Each full time aide shall be granted up to two (2) personal business days per year. Personal business days shall not accumulate. One day is to be discretionary, one nondiscretionary.

Employer position: Same as Union position for current full time employees. Employees hired after June 7, 1996 shall be granted one personal business day per year.

III. ECONOMIC CONSIDERATIONS

The Employer has taken a very firm position (Employer Exhibits 1 through 3) concerning the competitiveness of the wages it pays to their instructional and noninstructional aide personnel as well as being adequately prepared for certain financially related "uncertainties". Superintendent Michael R. Krigelski testified that since the adoption of Proposal A the State Foundation Grants (state aid) are indexed to the 1992-1993 state fiscal year. The State Foundation Grant is based on the number of pupils enrolled in a particular school district. The state has established three levels: One, districts who have fewer than five thousand dollars per student; two, districts who have between five and six thousand five hundred dollars per student and three, school districts that have per student expenditures of six thousand five hundred dollars or above. Although this new State Foundation Grant formula is more predictable in determining state aid for each school district other uncertainties according to Superintendent Krigelski need to be considered in the total financial picture for the Centreville School District. These uncertainties include the 1979 Durant litigation with the State of Michigan. If the Michigan Supreme Court declines to rehear this case as decided by the Michigan Court of Appeals, school districts must anticipate having to pay the cost of this litigation. A reduction and rollback to the 1993-1994 State Foundation Grant level of \$4,967.10 per student compared with the \$5,187.08 for

1994-1995, \$5,340.08 for 1995-1996 and \$5,475.08 for 1996-1997 is a distinct possibility. Another fact to be considered in the financial picture for the school district is that adult education revenue has been reduced by more than one half (from \$400,000 to \$175,000). A third example of uncertainty is the obligation of the school district to finance the retirement of its employees. As a result of the adoption of Proposal A the state has required all school districts to absorb the cost for retirement for its employees. Superintendent Krigelski testified that the cost for 1994-1995 was 14.21 percent, for 1995-1996 14.56 percent and for 1996-1997 15.17 percent. A fourth example of uncertainty is the increased costs in the MESA insurance coverage. Although a 1.45 percent decrease in premiums was experienced in 1994-1995, increases of 5.6 in 1995-1996 and 7.8 percent for 1996-1997 have resulted in an inability to accurately budget the cost for future premium increases.

Finally, Superintendent Krigelski testified that because of these "significant uncertainties" the teachers' contract recently negotiated in the district established a formula (Joint Exhibit No. 6) which tie bars any increase in wages to the foundation allowance increase offset by expenses for retirement and health insurance. During his tenure as superintendent, Mr. Krigelski testified that the Board of Education requires him to submit data regarding the special skills of the workers, detailed comparisons with the other eight school districts in St. Joseph County, wage rates in the surrounding community as well as the school's ability

to pay before establishing parameters for each respective bargaining unit within the school district. According to Superintendent Krigelski classifications within the teachers' aides bargaining unit do not require special licenses or certifications. Therefore, the supply of labor is plentiful for vacant teaching aide positions. Superintendent Krigelski also emphasized that as a rule rural area Centreville does not have the same type of wages as in metropolitan areas "whether you compare it with the public or private sector".

Based on his own survey data, Superintendent Krigelski testified that wages paid to teachers' aides in Centreville in the 1993-1994 school year ranked them in the top third of the county and that this ranking did not change after factoring in wage increases for other school districts in the 1994-1995 and 1995-1996 school years. A grid analysis supporting these conclusions was submitted with three separate areas of comparison: One, hourly wages; two, total compensation and three, total costs of the employee. Throughout his testimony, Superintendent Krigelski emphasized that the Board values the work performed by the teachers' aides but as the CEO (chief executive officer) of the school district he had a responsibility to maintain financial integrity for the school district. Survey comparisons by the superintendent regarding wages, personal days, sick days, holidays and insurance led to his recommendation to the Board of Education that new hires should receive more "competitive" wages and benefits. This would require the

bifurcation of sick leave days (five versus two and a half), personal leave days (two versus one), holidays (eight versus nine) with all new hires after June 7, 1996 being responsible for their own health insurance premiums. Superintendent Krigelski also surveyed the other eight comparable school districts in the St. Joseph County regarding whether their teachers' aides were paid for their lunch period. He indicated that only three school districts, Colon, Mendon and Nottawa, paid their teachers' aides for lunch. Mr. Krigelski testified that unlike the Centreville teachers' aides the paid lunches in the other three districts were a result of teachers' aides supervising students or requiring to be available to perform some function on behalf of the school district during the lunch period. A fourth school district, Burr Oak, does compensate its teachers' aides if they are required to work during the lunch hour. According to Superintendent Krigelski the teachers' aides in Centreville can eat lunch anywhere they want, they are not required to be on call nor are they required to be available to perform any functions during their lunch hour. During his tenure as superintendent it's his understanding that the teachers' aides get paid for their lunch without having any responsibility and "most teachers' aides eat their lunch in the teachers' lounge." It appears that the practice for a paid lunch hour dates back to 1983 when Dee Horton was requested to work during the lunch period. Superintendent Krigelski closed his testimony by emphasizing the valuable contributions provided by the teachers' aides and his responsibility to control costs for

the school district.

During his testimony MEA Uniserv Director, Richard G. Slagter, indicated that when negotiations began for a new agreement Doug Peterson was the attorney representing the Board's interest. The teachers' aides bargaining unit originally organized with the MEA in 1992. The first contract was settled using the offices of state mediator, Booker Brown. Mr. Slagter acknowledged that proposals were exchanged in July of 1994. Mr. Slagter testified that the Board proposed numerous rollbacks in existing language and benefits including changes in the workday, work year, loss of paid holidays, removal of the evaluation criteria, reduction in time necessary for notification of layoff, a salary proposal that froze bargaining unit members wages for at least one year and some as long as eight years, loss of snow day language and reduced benefit levels. Negotiations stalled in 1995 and fact finding was requested by the Union on November 1, 1995. Discussions between the Board and the association were further stalled when fact finder Dallas Jones was unable to serve as fact finder in this dispute. Mr. Slagter testified that the Board's salary proposal of July 22, 1996 of one percent of base for 1994-1995, two percent of base for 1995-1996, two percent of base for 1996-1997 and two percent of base for 1997-1998 when coupled with the loss of a paid lunch proposal would result in a salary reduction of 1.6 percent for current employees. In reviewing the pattern of settlements for all other employee groups at Centreville Public Schools 1994-1995 school year to date (Union

Exhibit No. 3) Mr. Slagter indicates that these other bargaining units have not been requested to have bifurcation of their benefits nor a freeze in wages for new hires. He further emphasizes in his testimony that the proposal by the Union is consistent with the pattern of settlements for the other bargaining units within the Centreville Public Schools. Further, Mr. Slagter indicates that the Union proposal is supported by the Consumer Price Index information available from 1994 to date. The Union is seeking wage increases consistent both with the CPI increase as well as the settlements with other bargaining units within the Centreville School District (see Union Exhibits 3 and 4). Mr. Slagter noted that the holidays and sick leave comparisons of other bargaining units and those proposed by the Board for the teachers' aides are inconsistent. In similar fashion, he cites comparisons for the insurance benefits of the other bargaining units within the Centreville School District (see Union Exhibits 6, 7 and 8). Further, Mr. Slagter indicates that all other employee groups within the school district have two personal business days each year. No other bargaining unit within the school district has been asked to reduce their personal business days in half. Mr. Slagter conducted his own survey with the other eight school districts within the St. Joseph County and compares (Union Exhibit No. 11) the percentage change from 1994-1995 through 1996-1997. It should be noted that no figures are available for the Colon as well as Mendon School District for the 1996-1997 school year. Mr. Slagter believes that the Board's

rationale for a dramatic cutback in benefits and wages for the teachers' aides group based on a rationale that all school district employees should be in the middle of the county in total compensation is flawed. No such efforts have been made by the Board in terms of other employee groups e.g. food service and secretaries. Accordingly, Mr. Slagter believes that there is no justification to bifurcate benefits dealing with personal days, sick leave days, holidays, insurance as well as no justification to eliminate the 13 year past practice of having paid lunch periods for teachers' aides.

Finally, Mr. Slagter's testimony emphasizes that the fund balance of the school district of \$818,673 is more than adequate to financially afford the association's proposal for a two percent increase for 1994-1995, three and a half percent for 1995-1996 and three percent increase for both 1996-1997 and 1997-1998.

IV. FINDINGS OF FACT AND RECOMMENDATIONS

BACKGROUND

Centreville School District is located in a rural area of St. Joseph County. The parties have stipulated that the appropriate comparables to be used in this fact finding proceeding include all school districts in St. Joseph County: Burr Oak, Colon, Constantine, Mendon, Nottawa, Sturgis, Three Rivers and White

Pigeon. These school districts are located in the same geographical area all within St. Joseph County and thus compete in the same wage market. These comparables, cost of living, the Board's ability to pay are essential factors when developing recommendations for wages and benefits. Although external comparisons are given more weight, no fact finder should ignore the internal comparisons, i.e., the wage and benefit levels granted to other bargaining units within the Centreville School District.

1. Wages/Workday 1994-1995, 1995-1996, 1996-1997, 1997-1998

In balancing the Board's legitimate need to control costs through the establishment of an adequate fund balance and the needs of the teachers' aides to have proper recognition for their work product, the fact finder has concluded that based on the evidence presented that the teachers' aides should be granted a two percent increase for both 1994-1995 and 1995-1996 and a two and a half percent increase for both 1996-1997 and 1997-1998 contract years. This recommendation is based upon the adequate fund balance of the Centreville School District notwithstanding the uncertainties of the Durant litigation, the decline in adult education revenues, the increased costs for retirement as well as the ongoing increases in insurance premiums for hospitalization coverage. This recommendation recognizes the financial obligations of the school district for buses (\$240,000) as well as computers (\$154,000) for a total of \$394,000 that must be offset

from the current fund balance of \$818,673.

The fact finder also recommends that Schedule B be revised to require instructional aides to be available to work on an on-call basis during their lunch hour. The record indicates that no other school district allows payment for lunch hour without having assigned some responsibility to the employees to justify this payment. It is recommended that Schedule B include language that states clearly that the instructional aides will work seven hours and 20 minutes per day including a paid lunch and that eligibility for this paid lunch be based on the instructional aide's ability to perform work on an on-call basis for this period of time.

2. Holidays

The fact finder recommends that the current number of holidays (8) be continued and that all new hires enjoy the same number of holidays as current employees. When analyzing the external comparisons as well as the number of holidays enjoyed by other bargaining unit groups within the Centreville School District, no justification exists to reduce the number of holidays for new hires. Accordingly, the status quo should continue for Section 4.5 entitled Holidays.

3. Health Insurance

The fact finder recommends the current contract language be continued for current employees. However, the record is clear that seven out of the nine school districts offer no medical

insurance or any payment in lieu of medical insurance. In recognition of this fact, the fact finder recommends that effective July 1, 1997 new hires will be required to pay 50 percent of any increased health insurance premiums from the previous school year. It is further recommended that any such payment be paid by the employee through payroll deductions. This change will also allow the Board to forecast and budget the necessary expenditures for health insurance costs.

4. Sick Leave

The fact finder recommends that the provisions of Schedule D be continued and that there be no reduction of the five days of sick leave per year. Even though some of the other school districts do not provide five days of sick leave there is no compelling reason to reduce by one half the number of sick days enjoyed by bargaining unit members. To do so would be to establish a second-class citizenship among employees within the Centreville School District and provide unnecessary divisiveness among employees within the school district if their sick days were not valued the same.

5. Personal Leave Days

The record reveals all employee groups in Centreville Public Schools (Union Exhibits 10 and 11) receive two (2) personal business days per year. Testing regarding total compensation and external comparisons (Employer Exhibits 1, 2 and 3) fail to

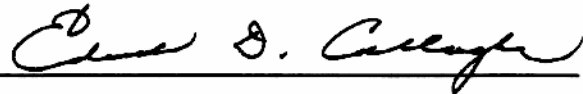
justify any reduction in personal business days for new hires. Accordingly, the fact finder recommends the provisions of Schedule D not be changed and that the current contract language be continued.

CONCLUSION

Negotiations between the Centreville Public Schools and the teachers' aides have been contentious for at least two years. Legitimate differences of opinion regarding the distribution of available revenues is expected. The Board through the excellent leadership of Superintendent Krigelski has raised issues with the teachers' aides bargaining unit that require open and candid dialogue. The superintendent and Board do value the essential work performed by the teachers' aides and have an obligation to recognize these efforts financially within the Board's ability to pay. Very few school districts can financially establish a fund equity between 15 percent to 20 percent of total budget as recommended by the Board of Education auditors. The reduction of wages and benefits for this specific bargaining unit is misguided when the Board has agreed to a formula with no bifurcation with the school's largest bargaining unit, i.e., the teachers bargaining unit. The parties are encouraged to continue to compare their wages and benefits with the other eight school districts within St. Joseph County. However, internal comparisons should also be considered when considering benefit and wage levels for bargaining unit members. The parties are to be congratulated for representing their respective constituencies in a professional and dignified manner during this fact finding process.

The fact finder urges the parties to use this report to assist them in resolving their differences in an expeditious fashion covering contract years 1994-1995 through 1997-1998.

Respectfully submitted,

A handwritten signature in cursive script, reading "Edward D. Callaghan", is written over a horizontal line.

Edward D. Callaghan, Fact Finder

Dated: January 10, 1997

APPENDIX A

JOINT EXHIBITS (6)

- 1 Appointment Letter dated September 3, 1996 from the Michigan Employment Relations Commission appointing Edward D. Callaghan as Fact Finder Signed by MERC Commissioner C. Barry Ott (4 pages)
- 2 Labor Agreement between Centreville Public Schools and Southwestern Michigan Education Association/MEA/NEA from July 1, 1992 through June 30, 1994 (25 pages)
- 3 Letter from MEA Uniserv Director, Richard G. Slagter, to Fact Finder, Edward D. Callaghan, Amending Issues for Fact Finding Hearing
- 4 Letter dated August 6, 1996 to Uniserv Director, Richard G. Slagter from Board Attorney, Mary E. Delehanty, Setting Forth a Proposal for Settlement of the Teachers Aides Contract (8 pages)
- 5 Union Counter Proposal dated November 11, 1996 Setting Forth Proposal for Settlement of the Teachers Aides Contract
- 6 Salary Agreement for Centreville Teachers for the 1996-1997 Contract Year

APPENDIX A

UNION EXHIBITS (11)

- 1 Bargaining History Statement (2 pages)
- 2 Union Proposal for Paid Lunch/Salary (3 pages)
- 3 Board and Association Proposal for Current Employees
Compared to CPI from 1994 to date
- 4 Percentage Increases for Centreville Employees and Other
Employment Groups
- 5 Union Proposal for Holidays (2 pages)
- 6 Holiday and Sick Leave Comparisons for Centreville School
Employees
- 7 Union Proposal for Health Insurance (4 pages)
- 8 Insurance Benefits Comparison for Centreville Employees
- 9 Union Proposal for Sick Leave/Accumulation (2 pages)
- 10 Union Proposal for Personal Leave
- 11 Board and Association Proposal for Wages Compared to
Comparable School Districts (8) from 1994-1995 to 1996-1997

APPENDIX A
EMPLOYER EXHIBITS (3)

- 1 Wage and Fringe Benefit Comparisons of Aides,
Paraprofessionals and Educational Assistants for 1994-1995
(2 pages)
- 2 Wage and Fringe Benefit Comparisons for Aides,
Paraprofessionals and Educational Assistants for 1995-1996
(2 pages)
- 3 Wage and Fringe Benefit Comparisons for Aides,
Paraprofessionals and Educational Assistants for 1996-1997
(4 pages)