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April 5, 1978

Mr. Richard E. Kroopnick
Clark, Hardy, Lewis, Fine
and Asher, P.C.
555 S. Woodward Avenue
7th Floor
Birmingham, Michigan 48011

Mr. Patrick Gouin
c/o Thurston High School
26255 Schoolcraft
Redford, Michigan 48239

Gentlemen:

Enclosed is the opinion in the matter regarding the Ferndale School District and the Ferndale Association of Educational Secretaries (M.E.A.O.).

At the hearing the question was asked if I would be available for discussion of the recommendations made. My answer is yes, however, I will be out of the city until after April 15. If such a meeting is desired by either party I will be available any day beginning April 17.

I would like to take this opportunity to commend both parties for the orderly way the data was presented; it was most helpful. The absence of acrimonious debate was most appreciated.

I hope the recommendations will be helpful in resolving the questions before you.

Best wishes.

Sincerely,



Dawson J. Lewis,
Hearing Officer and Agent
8127 Colony
Grosse Ile, Michigan 48138
961-0700

DJL:ml
Enclosure

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Handwritten notes on the right margin:
- Vertical text: "FERDALE BOARD OF EDUCATION"
- Stamp: "APR 19 AM 9 11"
- Checkmark: "✓"

STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF FACT FINDING BETWEEN:

FERNDALÉ BOARD OF EDUCATION

AND

FERNDALÉ ASSOCIATION OF EDUCATIONAL SECRETARIES (M.E.A.O.)

CASE NO. 77.F 1857

BACKGROUND INFORMATION

Pursuant to Section 25 of L.M.A., an application for fact finding in the above named matter was filed for the Ferndale School District by the authorized agent of the applicant, Richard E. Kroopnick, Attorney for the Ferndale Board of Education.

The Employment Relation Commission accordingly appointed the undersigned as its Hearing Officer and Agent to conduct a fact-finding hearing pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, and the Commission's Regulation.

Following receipt of the notice of appointment, a hearing on the matter was duly held in the offices of the Ferndale School District in the City of Ferndale, Michigan.

Present at the meeting were:

For the M.E.A.O.:

Mary Camper, President, Ferndale M.E.A.O. Secretaries

Patrick Gavin, Negotiator, M.E.A.O.

Bruce Ames, Organizer, M.E.A.O.

For the Ferndale School District:

Richard Barnett, Business Manager, Ferndale Schools

Thomas W. McKinnon, Assistant Superintendent, Personnel, Ferndale Schools

Richard E. Kroopnick, Attorney, Ferndale Board of Education

STATEMENT OF FINDINGS OF FACT AND CONCLUSION
UPON ALL MATERIAL ISSUES PRESENTED AT THE HEARING

The parties are in agreement as to the issues in dispute before the Fact Finder and so stipulated. The issues are:

1. Wages

The amount of increase applicable to the classifications of jobs, included in the salary schedule, in each year of the proposed two-year agreement.

2. Cost of Living

Method of computation and amount of C.O.L.

3. Working Schedule

The number of hours worked per day and per week.

4. Longevity Pay

The amount of increase applicable to classifications in Step 7 of the salary schedule due to length of service.

5. Retirement Bonus

Modification of retirement bonus payment.

6. Fringe Benefits

a) Major Medical option rider (MM-04):

Inclusion of this benefit has been agreed upon. However, the effective date of implementation is in dispute.

b) Visual Care:

Full family. The coverage has been agreed upon but the question of entitlement is in dispute.

c) Term Life Insurance;

The amount of additional life insurance coverage.

d) Option package removal.

ON THE MATTER OF WAGES AND COST OF LIVING COMPUTATION, THE POSITION OF THE M.E.A.O. IS:

Effective July 1, 1977, the basic salary schedule be increased by a C.O.L. adjustment based on the percentage increase of the C.O.L. in the Detroit Metropolitan area (rounded to the nearest one-tenth of one percent [0.1%]); the percentage to be determined by subtracting the C.P.I. of May 1976 from the C.P.I. of May 1977; the difference (if any) be divided by the C.P.I. of May 1976.

The percentage increase thus obtained be applied to each step of the salary schedule to determine the dollar equivalent. However, the C.O.L. allowance would not be less than 5% nor more than 9%. The resultant salary schedules then be increased by a 4% improvement factor which, in effect, would insure a minimum increase of over 9% and a maximum increase in excess of 13%.

Effective July 1, 1978, the above formula be applied utilizing the C.P.I., Detroit Metro Area of May 1977 and May 1978 to compute the percentage increase applicable to the salary schedule. The same minimum of 5% and maximum of 9% would be in effect and the salary schedules would then be increased by an improvement factor of 4% minimum, and 9% maximum.

The amount of increase resulting from the calculations for 1976-77 would be offset by the retirement contribution of 5% formerly paid by the employees which is now paid by the Ferndale School District as mandated by the State of Michigan.

THE BOARD'S POSITION OF THE MATTER OF WAGES IS:

Effective July 1, 1977, apply a total increase in wages and benefits which would include a salary schedule improvement of 2.5%. Dental Care coverage and the Retirement Fund payment of 5%.

It was stated that the Board was flexible as to the application of the dollar amount resulting from the application of 9.01% to the total cost of wages of \$270,567 in 1976-77.

THE BOARD'S POSITION OF THE MATTER OF WAGES IS: (continued)

On the matter of computation of the C.O.L., the Board holds to the position that the method of computation of the C.O.L. included in the past agreement be continued unchanged.

Effective July 1, 1978, apply a 3.66% salary increase to all steps of the salary schedule. The total increase in wages and benefits, not to exceed 8.9% of the 1976-77 wage cost. Again, the Board is flexible as to the allocation of the increase.

ON THE MATTER OF THE WORKING SCHEDULE IN THE M.E.A.O. POSITION IS:

Reduce the hours worked per day from eight to seven with two fifteen (15) minute break periods. The hours worked per week be reduced from 40 hours to 35 hours worked.

THE BOARD'S POSITION IS:

The hours worked per day and per week remain unchanged: eight hours per day with two (2) fifteen minute break periods and 40 hours per week.

ON THE MATTER OF RETIREMENT BONUS THE ME.A.O. POSITION IS:

Continue the payment of the retirement bonus based on one day's pay for each year of service and, in addition, include a provision for payment of accumulated sick leave (unused); sick leave is accumulated to be paid to be the greater of the two amounts.

THE BOARD'S POSITION IS:

Continue the payment of a retirement bonus of one day's pay for each year of service as was the case in the past agreement.

ON THE MATTER OF LONGEVITY PAY THE M.E.A.O.'S POSITION IS:

Continue the practice of granting a longevity bonus by increasing an employee's salary by moving such employee from step 6 of the salary schedule to step 7 of the salary schedule upon completion of ten (10) year's service. In addition, grant an additional bonus of 5% of the salary of step 7 upon completion of eleven (11) year's of

ON THE MATTER OF LONGEVITY PAY THE M.E.A.O.'s POSITION IS: (continued)
service such increase to be in effect until an employee attains sixteen (16) years of service at which time an increase of 10% of the salary paid would be applied.

ON THE MATTER OF FRINGE BENEFITS:

a) Blue Cross-Blue Shield Medical Option Rider MM-04

The parties have agreed to include this option in the present coverage. The issue in dispute is the effective date of implementation.

THE M.E.A.O.'s POSITION REGARDING a) IS:

The coverage be effective the date agreement is reached on the new contract.

THE BOARD'S POSITION REGARDING a) IS:

The coverage be put into effect July 1, 1978 which is the beginning of the second year of the master agreement.

b) Visual Care - Plan II - Full Family

THE M.E.A.O.'s POSITION REGARDING b) IS:

Include this coverage for all employees effective the date of agreement.

THE BOARD'S POSITION REGARDING b) IS:

Coverage be available only to those employees not covered by Blue Cross-Blue Shield and the effective date of the option would be available July 1, 1978..

c) Life Insurance

Employees are now entitled to \$12,000 term life insurance coverage.

THE M.E.A.O.'s POSITION REGARDING c) IS:

Increase the amount of life insurance coverage from \$12,000 to \$17,000 effective the date of agreement.

THE BOARD'S POSITION REGARDING c) IS:

Increase the coverage from \$12,000 to \$15,000 effective July 1, 1978.

RELATIVE TO THE ISSUES IN DISPUTE THE PARTIES PRESENTED THE FOLLOWING:

The Board's statement relative to the matters in dispute is that the common denominator is the cost to the School District and while they are flexible as to the allocation of the increased expenditures, they cannot agree to any increases that would exceed 9.01% of the first year of the agreement and 8.9% of the second year.

On the matter of WAGES, the Board's position is that the present salaries included in the three groups of the salary schedule, when adjusted by the proposed percentages of increase will maintain the salaries paid in a favorable position when compared to salaries paid in the twenty-seven (27) school districts in the geographical area adjacent to Ferndale.

The Board submitted three exhibits showing comparisons of salaries paid in the Ferndale District with those paid in twenty-seven (27) other districts:

- (1) Comparisons for year 1976-77 ("3a").
- (2) Comparison for year 1977-78, adjusted to reflect the Board's offer ("3b").
- (3) Comparison for year 1977-78, adjusted to reflect the M.E.A.O. request ("3c").

The Board also contends the C.O.L. provision in the past agreement which provides a minimum increase of 10% and a maximum increase of 20% per hours each year provides adequate protection from inflationary erosion of earnings.

They pointed out that only two other districts in the comparison have C.O.L. provisions and these are not as generous. In once case (Avondale) the C.O.L. is the only basis for an increase in salaries, and a minimum of 3% and a maximum of 6% is the range any increase can be applied. In the other case (Hazel Park) the maximum C.O.L. payment is 2% of salary in 1978 and 2.5% in 1979; the minimum is 1% adjustment in 1978-79.

The Board pointed out that with a falling enrollment and taxpayer's resistance to further millage increases, the District.

RELATIVE TO THE ISSUES IN DISPUTE THE PARTIES PRESENTED THE FOLLOWING:

(continued)

after showing a negative fund equity of \$17,425 at the close of fiscal year 1976. 1977 has made a most generous offer which, when budgeted for fiscal year 1977-78, will show a balance of only \$3,275 providing no reserves for unanticipated expenditures.

The Board further argues that the additional increase in benefits sought by the M.E.A.O. over and above those proposed by the Board, are not justified and that the present level of benefits such as medical insurance compare very favorably to benefits provided by other districts and if they agreed to the M.E.A.O. demands such items as life insurance, dental coverage, longevity pay and retirement bonus would be far in advance of all other districts. (To support their position, exhibits were submitted showing the comparison of life insurance coverage, dental insurance, optical insurance and hours worked.)

The Board argues that the M.E.A.O. proposals would increase costs 21.362% the first year and 16.868% the second year for a total of 38.23% over two years and the facts submitted do not justify such increases nor are such increases justified when the comparative positions of other districts on these matters are considered.

The Board claims it has consistently maintained its staff at salary levels that outpaced the C.O.L. in the Detroit area and have provided fringe benefits that offer further protection to the employees.

It is the Board's firm position that the District cannot absorb costs over and above the proposed increases of 9.0% and 8.91% respectively.

The M.E.A.O. contends the relative salary positions of employees they represent have deteriorated when compared with the increase in cost of living. Data was submitted showing the erosion of the purchasing power of the employees over the past ten years. The M.E.A.O. argues real earnings have not kept pace with inflation during this period and, based on these facts, a change in the method of

RELATIVE TO THE ISSUES IN DISPUTE THE PARTIES PRESENTED THE FOLLOWING:

(continued)

the computation of C.O.L. with a higher minimum and a higher maximum plus a 4% improvement factor is necessary to combat the effect of the inflationary spiral on earnings.

The M.E.A.O. further argues that the Board's salary increase will not maintain the employees in the same relative position with other school districts. While conceding they are requesting increases in benefits over and above those provided by other districts, they contend these are necessary to help the employees combat the inflationary erosion of earnings.

The M.E.A.O. argues that the increased salaries and benefits will place the employees in a more favorable position when compared to other school districts and, in the interest of equity, the Board should grant their requests.

While they agree the requested salary increases are well in excess of those proposed by the Board, they believe the District can absorb the increased costs and should do so if the Ferndale School District is to remain competitive in salary levels and benefits with other districts.

CONCLUSIONS AND RECOMMENDATIONS

Both parties to this dispute came well prepared and presented their respective positions in a very constructive fashion; each supported their arguments with documentary evidence which has been most helpful in reaching the conclusions and recommendations.

The data submitted was carefully studied and the relative positions of the parties have been examined in detail. Based on the evidence presented and the data available, the following recommendations are submitted for the parties consideration:

I - WAGES AND COST OF LIVING

It is recommended that the salary schedule be increased by 6% with the dollar amounts rounded off to the nearest cent. The increases to be applied effective July 1, 1977.

It is further recommended that the computation of C.O.L. be continued on the same basis as it was in the previous agreement.

The above recommendations are based on a careful analysis of the exhibits submitted by both parties relative to comparisons made of other school districts; both parties agreed the comparisons were valid and should be considered.

- a) On the matter of WAGES, Board exhibit "3a" (1976-77) shows the average maximum salaries of salary classifications in those school districts (exclusive of Ferndale) compared to Ferndale to be:

<u>Classification</u>	<u>Average</u>	<u>Ferndale</u>
Group I Secretary to Principal	489	493
Group II Secretary to High School Principal	483	466
Secretary to Elementary School Principal	477	476
Receptionist/Switchboard	462	466
Key Punch Operator	492	466
Group III Clerk Typist	442	440

- b) Comparing the maximum rates of the classifications shown in Board exhibit "3a" with the rate for the same classification shown in Board exhibit "3b" (1977-78) clearly indicates the following average percentage increases were granted by other districts:

Secretary to High School Principal	5.84%
Secretary to Junior H.S. Principal	6.44%
Secretary to Elementary School Principal	6.5%
Receptionist/Switchboard	6.21%
Key Punch Operator	6.9%
Clerk Typist	7.0%

I - WAGES AND COST OF LIVING (continued)

- c) If a 6% increase is applied to Ferndale rates the comparison with the average rates paid in other districts for 1977-78 shows:

<u>Classification</u>		<u>Average</u>	<u>Ferndale</u>
Group I	Secretary to High School Principal	509	523
Group II	Secretary to Junior H.S. Principal	500	494
	Secretary to Elementary School Principal	495	494
	Receptionist/Switchboard	483	494
	Key Punch Operator	514	494
Group III	Clerk Typist	465	440

Considering the above facts, a 6% increase for all classifications seems justified and is recommended.

On the issue of C.O.L. there was no persuasive evidence presented to support the M.E.A.O. proposal to change the method of calculation of the C.O.L. Further, the comparisons made do not justify applying a 4% improvement factor as requested by the MEAO.

Salaries paid in all districts, as in the case of income from other sources, have been subject to the ravages of inflation. Employees of the Ferndale district are no worse off in this regard than employees of other school districts. Further, it is customary, and it is so recommended by the Michigan Employment Commission, that wages and benefits available to employees in the public sector be comparable in like units to insure that employees in comparable classification are treated equitable.

Considering that the changes requested in the method of computing C.O.L. increases and the application of the productivity increases would place the Ferndale district far above and out of line with other school districts, it is recommended the M.E.A.O. withdraw these requests.

II - LONGEVITY

On the issue of longevity there does not seem to be any pattern of payment of such bonuses among the other school districts surveyed. If there was, no evidence was presented to the Fact Finder. Apparently the practice of providing a longevity bonus by moving employees to step 7 of the salary schedule is not commonly followed if, in fact, there are other districts that have bonus plans. Therefore, it is recommended the present bonus plan be continued without change.

III - DENTAL INSURANCE

Inasmuch as dental insurance coverage has been agreed upon to be effective upon agreement on the master contract, a recommendation from the Fact Finder is not necessary.

IV - MAJOR MEDICAL OPTION RIDER - MM-04

It is recommended that the BC/BS Master Medical 04 option be made effective upon the parties reaching agreement. Inasmuch as the parties have agreed to include this benefit it seems reasonable to make it available as soon as possible.

It is recongnized that the above recommendations represent an increase of 7.23% over and above the Board payment to the retirement fund of 5% and is, therefore, more than the percentage maximum set by the Board. It seems justified to adjust the salaries by the recommended amount to maintain the Ferndale District salaries in an equitable position with the other districts cited.

With regard to the second year it is recommended the Board consider an increase of 4% applicable July 1, 1978 to the salary schedule. The rationale for this increase is that the C.O.L. factor will produce at least an increase of 10¢ per hour and could produce an increase of 20¢ per hour; this would equate to percentage increases ranging from 2% to 4%; when added to the 4% general increase the salaries would be increased a minimum of 6% and possibly 8%.

Increases in contracts in other school districts have been in this range and settlements in the private sector recently have been in the range of 6% to 8%. It seems apparent that the recommended increases will keep Ferndale salaries in line and will also provide adequate protection from inflation for the employees.

V - TERM LIFE INSURANCE

The increase in life insurance coverage, offered by the Board, seems to be reasonable. The total amount of coverage would be \$15,000. The average coverage provided by the 27 school districts surveyed is slightly in excess of \$9,000. Further, only four districts provide coverage in the amount of \$15,000. The M.E.A.O. request would place Ferndale \$2,000 higher than any other district, therefore, it is recommended that life insurance coverage be increased \$3,000 effective July 1, 1978.

VI - VISUAL CARE

Regarding the matter of vision insurance coverage, it is recommended that the M.E.A.O. accept the Board's offer to provide such coverage only to employees not covered by Blue Cross-Blue Shield. Only three other districts provide this coverage; one has coverage for all employees and two provide the coverage as an option if employees are not covered by BC/BS.

VII - WORKING SCHEDULE

The request for a reduction in hours worked from eight hours per day to seven hours and from 40 hours worked to 35 hours when compared to the pattern in other school districts seems somewhat excessive. In reviewing the survey material, there seems to be a definite pattern developing to reduce hours worked among those districts surveyed; eleven of the 27 have work weeks of less than 40 hours with the majority of these having work weeks of 37-1/2 hours. It is recommended the Board consider a reduction in hours worked from 40 hours to 37-1/2 hours.

VIII - RETIREMENT

The request that the retirement bonus be based on the greater of the amount of accumulated sick days or the number of days now accumulated as a retirement bonus under the terms of the previous agreement seems somewhat incongruous. A bonus based on the formula of one day's pay for each worked is somewhat unusual. Generally, when employees are allowed to accumulate sick leave days, unused sick leave days are paid the employee upon retirement.

The MEAO proposal would give the employees the best of both worlds.

It is recommended, however, that the parties consider dropping the present retirement bonus formula and substitute payment for unused sick leave days; the days accumulated under the present bonus formula should be added to the accumulated sick leave days for each employee if this change is made.

Considering the fact employees can use sick leave days for various reasons would seem to indicate payment for unused sick leave days upon retirement would be in order.

IN SUMMARY, the recommendations are:

1. Effective July 1, 1977, increase salaries 6%.
2. Continue Cost of Living computation on same formula.
3. Add Blue Cross/Blue Shield Master Medical MM-04 option to health and medical coverage effective upon agreement on master contract.
4. Add dental insurance - full family - 60-40 basis effective upon agreement.
5. Effective July 1, 1978 increase salaries 4%.
6. Offer Vision Care - Plan II as an option to those employees not covered by Blue Cross/Blue Shield.
7. Increase life insurance coverage from \$12,000 to \$15,000.
8. Reduce work week from 40 hours to 37-1/2 hours with hours worked each day reduced from eight to seven and one-half hours.

IN SUMMARY, the recommendations are: (continued)

9. Replace present bonus payment of one day per year accumulation upon retirement with payment of accumulated sick leave days upon retirement; add accumulated bonus days to accumulated sick leave where necessary.

The above recommendations are made as a service to the parties. It is hoped they will provide a basis for agreement for a new master contract that will prove beneficial to both parties.

Respectfully submitted,



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DJL:ml