

STATE OF MICHIGAN  
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Fact Finding Between:)

HARTLAND CONSOLIDATED SCHOOLS )

-and- )

HARTLAND EDUCATION ASSOCIATION )

MERC Case No. L88 H-717

Barry Brown

FACT FINDER'S REPORT

The undersigned, Barry C. Brown, was appointed by the Michigan Employment Relations Commission to conduct a hearing and to issue a report in the matter captioned above. Hearings were held in the Cromaine Library building on November 11, 1988. Oral summaries were made by the parties at the close of the hearings and thereafter, the record was closed.

APPEARANCES:

For the Board:

Susan Dumala - MASB Cons.  
Scott Bacon - Asst. Supt.  
Gary Wright - Supt.

For the Association:

Larry Fischer - Uniserv Dir.  
Caroll Sypniewski - Uniserv Dir.  
Susan Radcliff - Uniserv Dir.  
Richard Gray - Uniserv Dir.  
Sue Manierston - MEA Research Dir.  
Tom Parmenter - Chief Negotiator, HEA  
Gene Essenmacher - President  
Janet Sifferman - Vice Pres.

*Hartland Consolidated Schools*

LABOR AND INDUSTRIAL  
RELATIONS COLLECTION  
Michigan State University

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EMPLOYMENT RELATIONS COMMISSION

I.  
BACKGROUND

The prior collective bargaining agreement between these parties executed on September 26, 1986 expired on August 31, 1988. Negotiations for a new agreement commenced early in 1988 but in August they were still far apart on many issues. On August 29, 1988 the parties agreed to extend the agreement until September 30, 1988. When the extension expired there was no agreement and a work stoppage ensued. On October 12, 1988 the following settlement was reached:

The parties do hereby mutually agree to proceed to binding fact finding based on the following issues:

	<u>BOARD POSITION</u>	<u>ASSOCIATION POSITION</u>
<u>Insurance</u>	1) Super Care I 2) Add VSP-2 in <u>3rd year</u> and package present benefits and MESSA PAK at that time	1) Super Care II 2) Add VSP-2 in 2nd year and package present benefits into MESSA PAK at that time
<u>Duration</u>	3 Year	2 Year
<u>Salary</u> <u>1988-89</u>	(6.0%, 6.5% if millage passes and Super Care II)  Based on going to Super Care I 6.5%, 7% if November millage passes	7.2%
1989-90	6%	7.2%
1990-91	6%	
<u>Retirement</u>	Old contract language	3.3% of MA Step II
<u>Salary Tracks</u>	Old contract language	Add new MA+45/Spec. Track
<u>Schedule B</u>	Mode of Disbursement of \$4000.00 additional	

Due to this agreement, the teachers shall return to work and the 1986-88 contract shall be extended until such time as the fact finding report is implemented. At that time those issues which have been tentatively agreed to and the fact finding report shall be incorporated into the new contract of the parties. All unfair labor practice charges will be dropped and there shall be no reprisals by either party. The applicable results of binding fact finding shall be fully retroactive to August 29, 1988. The fact finding shall commence within 30 days of this agreement and the fact finder shall issue their report no later than 30 days from the conclusion of the hearing if possible.

The parties then petitioned the Michigan Employment Relations Commission for fact finding and on October 14 the Commission appointed Barry Brown as its Fact Finder and agent to conduct a fact finding hearing pursuant to Section 25 of Act 176, Public Acts of 1939 to determine the facts and issue a report with recommendations with respect to the matters in disagreement. The parties agreed to immediately implement the settled terms of the agreement and they continued to bargain on the matters unresolved when the letter of agreement shown above was issued. By the time of the fact finding hearing conducted on November 11, 1988 the parties had resolved the retirement, salary tracks and Schedule B issues. The insurance and salary and duration issues are still at impasse and the topic of this report.

The Hartland School District is located in Eastern Livingston County and it is situated near to Oakland and Washtenaw counties in the fastest growing part of the state (projected at 15% to 22%). The largely rural nature of the district has been changing as more and more residential areas have been developed in its southeastern sections. The district covers a large geographic area with no incorporated cities within its boundaries. There is one high school, one middle school and three elementary schools which serve 3011 students. The district's enrollment history has been as follows:

1980-81	3,637 students
1981-82	3,455 (182 less students)
1982-83	3,269 (186 less students)
1983-84	3,174 (95 less students)
1984-85	3,071 (103 less students)
1985-86	3,039 (32 less students)
1986-87	3,018 (21 less students)
1987-88	3,031 (13 less students)
1988-89	3,011 (20 less students)

In this period Hartland schools has lost more than 17% of its student population. This is more than any other Livingston county school district. Other districts have actually shown some growth in the last five years while Hartland is still losing enrollment albeit at a lesser rate. In 1988-89 each student in the district brings \$3,433 in state aid.

The employer has projected enrollment for the years ahead using the standard means of estimation. They anticipate a further enrollment drop to 2984 in the 1989-90 school year and then a steady but small increase in each year through 1994. They see most of the increases coming in the middle grades.

The Hartland School District relies heavily on residential property for its millage income. The 1988 distribution of state equalized value by property class was as follows:

AGRICULTURAL	\$ 14,546,287	7.00%
COMMERCIAL	9,827,615	4.73%
INDUSTRIAL	7,295,940	3.51%
RESIDENTIAL	163,075,424	78.44%
DEVELOPMENTAL	502,290	0.24%
PERSONAL	12,651,108	6.09%
	-----	
TOTAL	\$207,898,664	

The state equalized value per pupil has been growing as new buildings are added, existing property is reassessed and the number of pupils falls. The district's increased value per pupil is increasing at the same rate as the rest of the county (except Brighton). The comparisons are shown below:

DISTRICT	1987-88	1988-89	Increase/ Decrease per Pupil	% Increase/ Decrease
Brighton	\$ 65,793	\$ 77,164	\$ 11,371	17.28
Fowlerville	48,161	51,912	3,751	7.79
Hartland	62,788	69,046	6,258	9.96
Howell	66,022	72,472	6,450	9.77
Pinckney	65,928	73,294	7,366	11.17

The district's total operating millage was very low in 1980-81. If we take out the 0.7 mills allocated for library operation, the Hartland schools had voted nearly six mills less than Brighton in 1980 and they were only ahead of Fowlerville in this regard. Since 1980 Hartland's operating millage has increased dramatically although one full mill is now allocated for the library. The comparison of the growth of total operating millage in the 1980s is shown as follows:

	<u>BRIGHTON</u>	<u>FOWLERVILLE</u>	<u>HARTLAND</u>	<u>HOWELL</u>	<u>PINCKNEY</u>
1980-81	32.00	25.51	26.93*	29.32	26.35
1981-82	32.00	28.07	28.54	30.12	26.35
1982-83	32.00	27.32	31.72	31.87	27.98
1983-84	32.00	29.10	31.72	31.87	28.35
1984-85	32.00	29.10	31.92	31.87	34.06
1985-86	37.42	31.50	31.92**	31.87	34.06
1986-87	37.52	32.00	34.82	32.85	34.06
1987-88	37.52	32.00	34.82	36.85	34.06
1988-89	37.52	33.87	39.67***	38.181	34.06
NET INCREASE	5.52	8.36	12.74	8.861	7.71

\* Includes 0.7 allocated mill for Cromaïne Library

\*\* Includes 0.9 allocated mill for Cromaïne Library

\*\*\* Includes 1.0 allocated mill for Cromaïne Library

On June 13, 1988 the school board presented three ballot proposals to the district's electorate. They informed their citizens that they were \$1 million short of money necessary to maintain high quality education programs and to negotiate new labor agreements. The citizens approved a 4.75 mill increase for general operating purposes. They said that with this money they could grant employee salary increases of 4% and buy new textbooks and computers.

In a letter to the district's residents in June 1988 the following was stated by the school board:

"Your Board of Education recognizes that the settlement of employee contracts with the monies made available by the above noted millage will be very difficult to accomplish. This is particularly true as teacher contracts in our region for next year are reflecting salary increases in excess of 6%, and when one recognizes that our current teacher salary levels are the lowest in the county. However, we are committed to balancing our budget with the needs of all elements of our schools in mind, students, staff, and community programs."

The Board also sought a Headlee amendment override which would produce another one mill for use by the district. The voters did approve this proposal and in doing so another \$225,000 was added to the district's income.

A third proposal would have added two more mills for operating purposes. This would have placed the district at the 50 mill maximum and that would have foreclosed further millage increases. The district had stated that if this additional two mills was passed they would hire a curriculum director, place full-time librarians at the middle school and elementary schools, purchase new band uniforms, buy five new school buses, make three contributions (totaling \$21,000) to local activity centers, purchase instructional

supplies, perform maintenance repair and increase the teachers' salaries by 6.5% instead of 4%. This millage proposal was defeated by the voters. These two mills would have produced approximately \$450,000.

In the same election the voters of Livingston County approved a millage increase for the intermediate district's special education program. This change resulted in a savings of \$192,000 for the Hartland district.

The 1988-89 state aid will be based on 39.67 mills as contrasted with 34.82 mills in the 187-88 school year. The flat rate payment stayed the same at \$350 in each year. The new per pupil state aid rate is \$3,432.75. This compares with \$2,964.98 last year or an increase of 15.77%. The revenue produced by this rate under the state formula will be \$10,312,614 or an increase of \$1,358,375 over last year.

The District has taken the information shown above and made certain projections about their fiscal future. They assumed that the millage rate would be increased to 40.60 (the maximum) and that enrollment would first decline and then increase slowly. Salaries, fringe benefits and other expenses were increased in each year. They then forecast deficit spending in 1989-90 and a depletion of the fund balance in 1990-91. Their total five year revenue and expenditure projection is shown below:

# HAKILAND CONSOLIDATED 5 YEAR REVENUE AND EXPENDITURE PROJECTION

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	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
STUDENTS	3,007					
MILLS = STUDENTS	37.67	40.60	40.60	40.60	40.60	40.60
	2,984	3,018	3,054	3,107	3,212	3,212
1988-89	0.00					
1989-90	ST. AID	ST. AID	ST. AID	ST. AID	ST. AID	ST. AID
BUDGET	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
TOTAL REVENUE	11,351,265	11,661,140	12,086,701	12,529,285	12,989,573	13,468,271
add'l students 89/90		(88,393)	(91,929)	(95,606)	(99,431)	(103,408)
add'l students 90/91			125,024	130,025	135,226	140,635
add'l students 91/92				137,673	143,180	148,907
add'l students 92/93					210,793	219,225
add'l students 93/94						434,313
add'l all	0	0.93	0.93	0.93	0.93	0.93
special ed.	192,000	192,000	192,000	192,000	192,000	192,000
	11,543,265	11,986,871	12,545,437	13,139,262	13,831,499	14,779,652
1988-89						
BUDGET	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE
SALARIES & BENEFITS	7,426,030	7,871,592	8,343,887	8,844,521	9,375,192	9,937,703
FRINGE BENEFITS	1,416,486	1,685,618	1,190	2,387,004	2,840,535	3,380,237
PURCHASED SERVICES	1,144,182	1,201,391	1,261,461	1,324,534	1,390,760	1,460,298
SUPPLIES & MATERIALS	642,709	674,844	708,587	744,016	781,217	820,278
CAPITAL OUTLAY	168,043	172,244	176,550	180,964	185,488	190,125
OTHER EXPENSES	282,016	289,066	296,293	303,700	311,293	319,075
TRANSFERS	155,856	163,649	171,831	180,423	189,444	198,916
	11,235,322	12,058,405	12,964,495	13,965,161	15,073,929	16,306,632
EXCESS REVENUE/EXPEND.	307,943	(71,538)	(419,058)	(825,899)	(11,242,429)	(1,526,981)
FUND BALANCE, JULY 1	310,393	618,336	546,802	127,744	(698,155)	(1,940,505)
FUND BALANCE, JUNE 30	618,336	546,802	127,744	(698,155)	(1,940,505)	(3,467,566)
FUND BALANCE	5.50% FUND BAL.	4.53% FUND BAL.	0.99% FUND BAL.	-5.00% FUND BAL.	-12.87% FUND BAL.	-21.26%
Reserved	188,921	188,921	188,921	188,921	188,921	188,921
Unreserved	429,415	357,881	(61,177)	(887,076)	(12,129,506)	(3,656,487)



The fund equity history for the last five years has been as follows:

General Fund -(Cafeteria and Athletic Funds Removed)										
	1983-84		1984-85		1985-86		1986-87		1987-88	
Expenditures	7,813,310		8,308,030		9,460,528		9,407,590		10,739,526	
FUND EQUITY										
Reserved	269,289	3.45%	1,024,697	12.33%	338,625	3.58%	355,889	3.78%	188,921	1.76%
Unreserved	649,686	8.32%	520,360	7.47%	348,564	3.68%	494,820	5.26%	121,472	1.13%
	918,975	11.76%	1,645,057	19.80%	687,189	7.26%	850,709	9.04%	310,393	2.89%

The Board has contended that the association's proposed 1988-89 salary increase would cost \$60,000 more and, therefore, it would deplete the fund equity by that amount and it would reduce the percent of total fund equity to expenditures from 5.50% to 4.94%. They argued that this would also go against the recommendation of their auditor and it would increase their operating expenses as they would have to borrow more to pay current expenditures. They also stated that without a significant fund equity there was no "cushion" which could absorb state aid cuts, major repairs or sudden increases in costs.

The district's 1988-89 budget message showed that enrollment had been somewhat higher than the 3,000 that had been estimated and that the SEV had been set at \$207,898,664. They made the following summary:

Revenues are expected to increase by 13.18% for 1988-89. The largest dollar increase in revenue is from local property taxes as a result of the 4.75 mill increase and SEV increases. The additional \$1,640,054 is a 24.82% increase. Intermediate/LISD revenue is up considerably, primarily because of the passage of the special education millage which will bring \$192,000 to our district as reimbursement for special education expenses. Transfers & Other is down because in 1987-88 the \$210,000 from the bus loan was required to be recorded as revenue.

Expenditures are estimated to increase from \$10,739,526 in 1987-88 to \$11,235,322 in 1988-89. This is a 4.62% increase and represents \$495,796. The largest increases in expenditures are for salary adjustments - planned in most cases for around 6% - and in the area of employee insurances, particularly in the area of health insurance, which had a rate increase of over 25%. Major programs implemented in 1984-85 continue to operate in 1988-89, i.e. 6-hour day at Hartland High School, elementary art, music, and physical education, etc. No new programs were implemented in 1988-89.

A comparison of employee staffing that is in the budget reveals the following:

<u>Classification</u>	<u>1988-89</u>	<u>1987-88</u>	<u>Change</u>
Administration	11	10	+1.0
Teachers (FTE)	150.2	151.0	-0.8
Supervisors	8.0	8.0	0.0
Secretarial-PSP	29.0	29.0	0.0
Custodial-Maint.	20.0	20.0	0.0
Transportation	25.0	25.0	0.0
Food Service	17.0	17.0	0.0
Cromaine Library	9.0	8.0	+1.0
Senior Center	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>
<b>TOTALS</b>	<b>271.2</b>	<b>270.0</b>	<b>+1.2</b>

The district bargained with the other employee groups shown in the report above for the 1988-89 school year. The administrators received a 4% increase in salary overall although under a merit increase program, some of them received more than an 18% increase. In the future, administrators are to be paid an increase in salary at the same rate as that negotiated for the teachers. The custodial (AFSCME) bargaining unit is to receive a 4.6% raise in 1988-89 and a 4.6% raise in 1989-90 as the final two years on a three year contract. Three other employee groups have not yet reached a settlement. The bus drivers, secretaries and food service employees, represented by MESPA, are still engaged in collective bargaining.

The association has asserted that the employer's forecasts are self-serving and ultra-conservative. They have analyzed the district's budget projections over the last five years and they assert that the Board has understated revenues each year, in one year

by as much as 13%. They also noted that the projected fund equity was always understated. They submitted the following report in support of their conclusions:

Years	SUMMARY OF REVENUE			ACTUAL VS. BUDGET	
	1983-84	1984-85	1985-86	1986-87	1987-88
TOTAL REVENUE					
Budgeted	\$7,760,693	\$7,987,890	\$8,423,103	\$9,393,108	\$9,723,605
Actual	8,074,253	9,034,112	8,502,660	9,571,110	10,199,210
Diff.	+313,560	+1,046,222	+79,557	+178,003	+475,605
	+4.04%	+13.10%	+0.94%	+1.90%	+4.89%
Actual and					
Projected Balance					
Projected	658,600(8.5)	475,436(5.95)	416,063(4.9)	446,080(4.75)	347,709(3.58)
Actual	918,975	1,645,057	687,189	850,709	310,393
Diff.	+260,375	+1,169,621	+271,126	+404,629	-37,316
	+39.53%	+246.01%	+65.16%	+90.71%	-10.73%

The association also notes that the employer's budget in 1988-89 shows \$1,554,055 in new money in budgeted revenues. They asserted that their proposal of a 7.2% salary increase would deplete that amount by only 14.7% while the district's proposed 6% salary increase represented 11.0% of that total. They also maintained that the total cost of the association's proposal in the 1988-89 school year would represent only 49% of the total adjusted revenue.

There is little doubt that the Hartland teachers are at the low end of the salary scale in Livingston County and they are compensated at the low end in any comparison. Though many salary comparisons were provided by both parties, the following chart showing average teachers' salaries is a valid summary:

	<u>BRIGHTON</u>	<u>FOWLerville</u>	<u>HARTLAND</u>	<u>HOWELL</u>	<u>PINCKNEY</u>
			(RANK)		
86-87	30,824	28,100	29,462 (4)	30,037	31,750
85-86	29,076	29,415	28,867 (4)	28,437	29,373
84-85	29,507	27,141	27,263 (3)	27,773	26,018*
83-84	28,444	25,294	26,236 (3)	25,158	28,217
82-83	27,121	22,357	24,659 (3)	23,315*	24,996
81-82	22,958	20,346	21,774 (3)	21,713	22,781

Even if we take the area where the Hartland schedule is the strongest, the MA maximum schedule, we see that the Hartland teachers are not paid at the average for the Livingston-Washtenaw counties M.A maximum teachers. That is shown in the following report:

	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88	88-89	
Hartland	22,274	24,380	26,788	27,571	28,949	30,396	32,221	34,154	36,374 36,203 36,613	Bd. at 6.5 Bd. at 6.0 Assoc.
Wash/Liv County Average	23,745	25,731	27,579	29,085	30,357	32,081	33,854	35,802	37,831	
Dollars Below Wash/Liv Average	1,471	1,351	791	1,514	1,408	1,685	1,633	1,648	-1,457 -1,628 -1,218	Bd. at 6.5 Bd. at 6.0 Assoc.
% Below Wash/Liv Average	-6.60	-5.54	-2.95	-5.49	-4.86	-5.54	-5.07	-4.83	-4.00 -4.50 -3.33	Bd. at 6.5 Bd. at 6.0 Assoc.

The Hartland teachers have had consistent salary increases over the years. The one exception was 1983 when there was a millage defeat and a work stoppage. The comparison of the teachers' salary increases and other relevant factors is shown in the following report covering the period 1981-1988:

	<u>HARTLAND TEACHER SALARIES</u>	<u>CONSUMER PRICE INDEX</u>	<u>STATE TEACHER SALARIES</u>	<u>STATE AID</u>
87-88	6.0	3.7	6.14	3.6
86-87	6.0	1.9	6.03	4.9
85-86	5.0	3.6	6.2	6.5
84-85	5.0	4.3	5.03	7.15
83-84	3.0	3.2	4.58	7.7
82-83	9.75	6.1	5.35	3.8
81-82	9.5	10.4	8.46	7.6
Average	<hr/> 6.32	<hr/> 4.74	<hr/> 5.97	<hr/> 5.89

A complete comparison of the Hartland teachers' salaries with other Livingston County districts is not entirely possible because Hartland's labor agreement has more salary tracks than do other districts. This year they added another track for teachers who have 45 hours of college credit beyond their master's degree. But only one teacher will presently enjoy that new salary scale. The problem is that most of the Hartland teachers are in the top two steps of the salary schedule (118 of 150) and most are in the MA or MA +15 salary columns (90 of 150). These teachers are therefore already at top rate and the only salary increase they can get is the general wage improvement negotiated each year. While these teachers could increase their salary if they chose to return to school, most of them are of an age and attitude to not seek more hours of credit or to pursue another degree.

The administrators have a salary review plan which establishes standards for reviewing the salaries of those in comparable management positions in Brighton, Howell, Fowlerville and Pinckney as well as Brandon, Linden, South Lyon, Fenton and Novi school districts. This list of comparable school districts was prepared by management and it shows their perception of which nearby school districts would be appropriate for at least some salary comparisons for the Hartland District. The Fact Finder concludes that the lower salaries of the nearby rural districts in other counties on the management salary review list would be offset by the higher salaries in nearby suburban districts in Oakland County. Thus, he finds that the other districts in Livingston County provide the best basis for

Hartland comparisons. In this context the teachers' salaries for the Hartland consolidated district consistently ranks 4th or 5th in the five county districts.

In this context the report shown below gives a historical perspective of the percentage of salary increases for teachers (MA max) in Livingston County since 1981:

DISTRICT	81-82	82-83	83-84	84-85	85-86	86-87	87-88	88-89
Brighton	10.0	10.0	3.0	6.0	6.0	5.8	5.90	6.10
Fowlerville	7.3	9.0	9.0	4.0	4.89	6.5	6.5	6.65 *
Hartland	9.5	9.75	3.0	5.0	5.0	6.0	6.0	
Howell	9.5	0	5.71	5.0	5.0	8.0	7.0	8.0
Pinckney	10.2	10.24	10.28	0	5.0	5.5	5.5	6.0

II.  
THE POSITIONS OF THE PARTIES

A) General

The parties basic positions are stated in their settlement agreement presented in the first pages of this report. However, since that document was drafted three issues then in dispute have been settled. Further the parties have since enlarged upon their earlier, brief statements. Additionally, the extra two mills was not approved by the Hartland voters and so the Board did not continue an unconditional offer of a 6.5% salary increase. Finally, the Association has submitted its salary position for a third year of an agreement even though they seek only a two year duration in a new labor contract.

B) The Association's position

Duration: 2 years

Salary:	1988-89	7.2% increase
	1989-90	7.2% increase
	1990-91	6.5%+ increase*

\*based on county average

Insurance: MESSA Supercare II plus V-S2 vision insurance in 1989-90

Rationale:

The Association maintains that the salary proposals it has made will give the Hartland teachers some degree of parity in Livingston County. They argue that their wage schedule would provide only modest relative improvement for the Hartland teachers but the district would not move ahead of the pay leaders in the county. The Association claimed that the district is well financed and in many respects it is



above average in ability to pay. They view the district's bargaining position as an unwillingness to fairly compensate its teachers and they say there is no inability to pay. The Association points to the pay levels in comparable, nearby school districts and it maintains that the increase sought by the Hartland teachers is not out of line but rather it places them in the mainstream for teachers in like circumstances.

Regarding insurance, the Association contended that it has already agreed to scale down the insurance coverage for its members. They asserted that they did this in an earlier attempt to resolve the impasse in bargaining. They had hoped that the cost savings created by their agreement to a lower premium MESSA plan would provide a basis to grant the teachers' salary needs. They said they are not now willing to take a further cut in coverage as the administration proposes.

Finally, the Association stated that it seeks only a two year contract because there are too many uncertainties at this time to attempt to fix now an appropriate salary level for 1990-91.

C) The District's position:

Duration: 3 years

Salary:	1988-89	6.0% increase
	or	6.5% increase if Super Care I is adopted
	1989-90	6.0% increase
	1990-91	6.0% increase

Insurance: MESSA Super Care I plus VSP-2 vision insurance in 1990-91

Rationale:

The Hartland Board of Education contended that they are only 1.93 mills away from the 50 mill constitutional limitation and they are

concerned that the county allocation board will limit the potential school millage by one additional mill. They anticipate that soon they may have a fixed income subject only to variations and fluctuations in state aid. They conclude that the District's economic future is not bright and they fear that the District will be looking at major budget deficits within the next two to three years. In this context the Board asserts that its' salary proposal is reasonable. They explained that the Board must be responsive to its responsibility to the students and taxpayers as well as to the teacher's desire to keep pace economically. The employer argues that the Association has presented too narrow a view of the comparative position of the salary level of the Hartland teachers. The Board said that the teachers earning potential of the existing schedule is great and that teachers need only gain additional education credits to realize their full earning potential. They also noted that Hartland is a small, rural district which should not be compared to larger, urban districts like Brighton and Howell.

The school Board also maintained that its 6% salary offer meets the average state increase level for 1988-89. They also indicated that the Hartland district's teachers' salaries resulting from that raise would be above the state average. They asserted that the Board cannot in good conscience, commit itself to an on-going salary expense level that its' anticipated future budgets cannot sustain without endangering the educational welfare of the students. They noted that even their salary proposal would reduce the fund balance to less than 4% of total expenditures by the end of the 1988-89 school year.

The Board said also that it seeks a three year contract here because that is the norm in both this district and elsewhere and it is the common term for labor contracts throughout the history of such bargaining agreements in Livingston County. They asserted that they want to have a substantial period of labor peace and they do not wish to again resume bargaining in the summer of 1990 after the difficulties experienced in 1988.

Regarding insurance the Board noted that the cost to Hartland Schools for insurance has risen more than 49% over the past two years. They said that the Association has recognized these spiraling costs and it has agreed to switch from Super Med II health insurance to Super Care II insurance. This switch reduced premiums by 8%. The Board asserted that these savings enabled it to increase its salary offer from 4% to 6%. However, the Board indicates that it can save even more if the teachers were to be covered by Super Care I. This plan involves various deductibles and upfront payments. However, the Board has included in its offer the payment of deductibles and the co-pay cost of prescriptions. It said it will pay the \$100 deductible and it will give each employee a \$25 upfront payment to cover the difference in co-pay for prescription drugs. They argued that in this way the district saves an additional \$22,000 while the teachers suffer no loss in benefits. Finally, the Board explained that it has indicated that it was willing to add the new benefit of vision insurance for its teachers but it sought to do so in the third year of the contract so that the additional cost for such plan could be deferred until that time.

### III. FINDINGS OF FACT

The District's projections are based on many variables. No one knows what will be the new state aid plan or how it will relate to property taxes. The Board's enrollment projections for this year have already been shown to be too low. If there are an additional 20-30 students in the district in the next two years, then the Board's negative projections must be revised.

The Board's projections for expenses in the next three years seem high in light of the recent low rate of inflation. Additionally, no allowance was made for the replacement of retiring (and higher paid teachers) with new teachers and no provision was made for the substantial insurance premium savings that can be expected. Finally, the Board has always been very conservative in its past budgetary projections. The District's income has been greater than stated in budgets. The expenses have been less than expected and the fund balance was usually larger than projected. All of this erodes the Board's heavy reliance on their five year projection as a basis to not give a higher salary increase to the teachers.

The Hartland teachers are paid less overall than are their counterparts in other Livingston County districts. The fact finder has not looked to smaller districts in the Upper Peninsula nor to larger districts in Wayne County. Rather, he has compared the pay of the Hartland teachers to their fellow teachers in the same area of the state. Some Livingston County districts are larger and more urban but some are small and rural. The four together provide a fair measuring stick. It is reasonable for the Hartland teachers to seek a salary improvement that will at least allow them to keep pace with other neighbor teachers and possibly modestly improve their position.

The Board's insurance proposal is reasonable. In effect, the Hartland teachers will receive the same Super Care II benefits as do the other teachers in the county. The Board's payment of the deductibles may cause MESSA to review and to eventually change its Super Care I coverage but that would be a problem for the future and there is no prohibition against the employer taking advantage of the plan as it is now set up.

The Association has convinced the fact finder that there are too many imponderables to set a three year term on the new contract. In two years the district and the Association will be better able to see how much income has been generated by state aid and the new millage. They can learn how expenses have reacted (especially for health insurance) and know what enrollment levels have been reached. Finally they can see then what the trends in teachers salaries have been in the county. Variables like another millage election and a new MESSA insurance premium set up make a three year contract too long under the circumstances.


The Association's 7.2% is only 0.7% higher than the 6.5% the employer has offered when Super Care I is adopted. This would add about \$35,000 in salary expense. This slight difference in cost is well within the District's ability to pay and it will not appreciably decrease the District's fund balance. Further, this level of wage increase will not keep pace with the 8% raise already granted to the Howell teachers and it will only keep up with the approximate 7% raise to be received by the Fowlerville teachers. Thus the wage proposal of the Hartland teachers is found to be reasonable and it should be adopted.

Both parties have agreed that the VSP-2 vision plan is an appropriate new benefit for the Hartland teachers. The Board wished to withhold the effective date of such plan until 1990-91, the third year of a three year contract. The fact finder has determined that the new contract will be of only two years duration and, therefore, the vision plan should be effective in the second year (1989-90). The teachers will now have lesser health insurance benefits because they gave up Super Med II and thus an earlier implementation of the vision plan seems equitable.

Recommendations

Duration:	2 years
Salary:	7.2% 1988-89 7.2% 1989-90
Insurance:	MESSA Super Care I (with Board paying family and individual deductible and \$25 toward prescription co-pay)  Package current benefits into MESSA-PAK and add VSP-2 vision insurance in 1989-90.

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