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STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the matter of:

HILLSDALE COMMUNITY SCHOOLS

Michigan State University

-and-

HILLSDALE EDUCATION ASSOCIATION

Report of Fact Finder
and Recommendations

before

Kenneth Grinstead
Fact Finder

DATED: October 13, 1970

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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
LABOR RELATIONS DIVISION

Hillsdale Community Schools

Report of Fact Finder
and Recommendations

Appearances:

For the Board of Education

A. Lawrence Gagnon, Superintendent

Thomas R. French, Assistant Superintendent for Finance

James B. Parker, President, Board of Education

Alan Dimmers, Attorney for Board of Education

For the Hillsdale Education Association

Walter Martinen, President of the Association

Roy Tipton, Vice-President of the Association and
Chairman of Negotiating Team

Paul T. Walter, Member of Negotiating Team and
Chairman of the Salary Committee

Betty Patterson, Kindergarten teacher

Wendell Collver, Executive Director, Michigan
Education Association

DATED: October 13, 1970

On September 21, 1970, the Fact Finder was duly appointed to conduct a fact finding hearing pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended and the Commission's Regulations and to issue a report with recommendations with respect to the matters in disagreement. This followed a request for fact finding filed on September 21, 1970, by the Hillsdale Education Association (hereinafter Association) and supplemented with a statement setting forth the areas of disagreement.

The Hearing was held on Thursday, October 1, 1970, and Wednesday, October 7, 1970, in the Board of Education Room at the Hillsdale High School at 30 South Norwood, Hillsdale, Michigan.

Master Agreement

The parties are currently operating under a two-year agreement, dated September, 1969. Article XVIII, thereof, entitled "Duration of Agreement," in Section A reads as follows:

"This agreement shall commence September 1, 1969, and shall remain in force and effect until August 31, 1971; provided, however, that wages only shall remain in force and effect until August 31, 1970."

The term "wages only" is defined in Section J, Article IV,

"...includes teachers' salary, Schedule B (extra pay for extra duty, and insurance benefit."

The application for fact finding set forth the issues in dispute as "salary, extra duty pay, fringe benefits, and steps on the salary schedule." During the Hearing, the parties stipulated they were in agreement that items 1 through 6 on the "Salary Schedule 'A' for 1969-70" (Appendix II) were to be left unchanged and made part of the 1970-71 salary schedule. However, it was agreed that the last item, number 7, was part of the salary schedule and subject to modification in the 1970-71 schedule. Item number 7 is:

A super-maximum step is established at \$474 for a B.A. Degree, \$474 for a B.A. Degree plus 20 semester hours, and \$492 for a M.A. Degree. The requirements for this step shall be met every three years or the person drops back to maximum step on his schedule.

It was further stipulated by the parties during the Hearing that all salary amounts for extra duty pay shown in Salary Schedule "B" for 1969-70 would be increased by ten percent for 1970-71. The Fact Finder, therefore, recommends as part of this report that the "extra duty pay schedule" for 1970-71 conform with the parties agreement.

It was further stipulated by the parties during the Hearing

that the \$5,000 group term life insurance policy provided by the Board of Education without cost to the teacher (Section I, Article IV) be continued in the same amount for 1970-71.

The Fact Finder, therefore, recommends as part of this report that the group term life insurance provision in Section I, Article IV be continued for 1970-71.

The issues in dispute are (1) number of steps on the salary schedule, (2) the salary figure for each step, and (3) the amount the Hillsdale Board of Education (hereinafter Board) will contribute for each teacher for health insurance.

I. Issue--Number of Salary Schedule Steps

The 1969-70 teachers' salary schedule (Salary Schedule "A") for the Hillsdale District provides 14 steps. The first thirteen steps are numbered 0 through 12; the last step, the fourteenth, is titled "Super." The schedule includes the word "INDEX" in the heading but index figures are not shown and the Fact Finder was unable to discover, after reviewing the 1969-70 schedule, whether a systematic indexing scheme was employed to determine the 1969-70 salary schedule or the some of the 1970-71 salary proposals.

The index system is an accepted practice in numerous school districts and is an integral part of many salary schedules. It is recommended in this report because it relates directly to the number of salary schedule steps.

The index salary schedule is one that has one salary for a specified amount of education and experience set as the base and all other salaries on the schedule set at predetermined ratios to the base. The ratio may be expressed as multiplication factors or percents. There is no one best index form for a salary schedule since the problems of recruitment,

retention, and professional development of staff differ from one system to another and from one time to another. However, on an index schedule, it is a major advantage to be able to see at a glance the relationships between salaries and to make a judgment as to whether they are equitable. It is for this reason the Fact Finder recommends the index system for Hillsdale. The Board and Association should agree to establish a system which protects the legitimate rights of all teachers in the district to share fairly in salary increases. Both parties, in this matter, must be faulted for failure to propose salary schedules based on equity.

After reviewing the various proposals presented by both sides, it is the Fact Finder's opinion that inclusion of too many steps (14) in the schedule coupled with the use of the concept of a "Super" step has contributed to the impasse. Part of the reason a "Super" step concept is employed is no doubt due to the fact that 42 teachers, or one-third of the teaching staff, would be on the "Super" level in 1970-71. It is reasonable to assume that the bargaining team would consider it very essential to satisfy the salary expectations for those teachers on the "Super" step.

Likewise, it is reasonable to assume that both parties might

be willing to exploit the situation by providing for sizeable increases for those teachers at the "Super" level while offering lower percentage increases to teachers at the lower levels of the schedule.

The Fact Finder recognizes that sometimes it is necessary to suggest that employees at one level receive percentage increases in pay which are greater or lesser than for other employees in order to make adjustments to provide for greater equity and fairness. The Fact Finder is convinced that neither side in this matter was overly concerned about equity for the teachers below the last salary schedule step. Perhaps one of the major reasons the teachers on September 17th rejected the board's salary schedule proposal by a vote of 82 "no" to 29 "yes" was due to the schedule's transparent inequities for most of the teachers. It is obvious to the Fact Finder, after reviewing data submitted during the Hearing, that it is desirable to recommend a salary schedule which includes an index. The index provides a logical scheme to correct the percent schedule problems and will aid in the transition to a schedule with fewer steps.

The salary schedule should eventually include a maximum of ten increments (11 steps). Since the present schedule has

13 increments (14 steps), the plan presented in Table I will provide for a smooth transition from the present system to the ten increment plan.

Table I
Fact Finder's Recommendations
for
Number of Steps in Salary Schedule and Index

<u>1970-71</u>			<u>1971-72</u>			<u>1972-73</u>		
	B.A.	M.A.		B.A.	M.A.		B.A.	M.A.
<u>Steps</u>	<u>Index</u>	<u>Index</u>	<u>Steps</u>	<u>Index</u>	<u>Index</u>	<u>Steps</u>	<u>Index</u>	<u>Index</u>
0	1.00	1.10	0	1.00	1.1100	0	1.00	1.100
1	1.042	1.15	1	1.045	1.1155	1	1.05	1.160
2	1.084	1.20	2	1.090	1.1210	2	1.10	1.220
3	1.126	1.25	3	1.135	1.1265	3	1.15	1.28
4	1.168	1.30	4	1.180	1.1320	4	1.20	1.34
5	1.210	1.35	5	1.225	1.1375	5	1.25	1.40
6	1.252	1.40	6	1.270	1.430	6	1.30	1.46
7	1.294	1.45	7	1.315	1.485	7	1.35	1.52
8	1.336	1.50	8	1.360	1.540	8	1.40	1.58
9	1.378	1.55	9	1.405	1.595	9	1.45	1.64
10	1.420	1.60	10	1.450	1.650	10	1.50	1.70
11	1.462	1.65	11	1.50	1.705			
12	1.504	1.70						

For the B.A. degree plus 20 semester hours schedule, add \$125 to the salary at the B.A. degree level.

The scheme proposed in Table II offers the opportunity to establish a salary schedule with ten increments by the school year 1972-73. Such a plan will, in this situation, eliminate what the Fact Finder believes to be one of the major problems that brought on the impasse and the request for fact finding.

The number of steps recommended is comparable to the number utilized in salary schedules in most Michigan school districts. The Fact Finder is of the opinion, shared by many experts, that a career oriented teacher should, after the tenth year of teaching experience, be receiving a salary equal to about 150 percent of that of a new teacher.

Recommendations in Table I for 1971-72 and 1972-73 may be adjusted after time for more study by the Board and Association and should not be included in any bargaining agreement for 1970-71.

II. Issue--Salary

A common practice in fact finding is that of comparing certain data for neighboring comparable school districts with similar data for the district requesting fact finding. Table II shows a list of eight selected districts, including Hillsdale, together with enrollments, total state equalized valuation of property, (SEV) and state equalized valuation of property per pupil (SEV/PP) for 1969-70. (Data for 1970-71 school year are not available for all the districts). It can be reasonably assumed that changes in data for 1970-71 would not alter the rankings. Table II reveals that Hillsdale ranked seventh in total enrollment, sixth in total SEV and fifth in SEV/PP among the selected districts.

TABLE II

Comparison of total enrollment, state equalized valuation, and state equalized valuation per pupil of Hillsdale and seven comparable neighboring school districts.

<u>School District</u>	<u>1969-70 Enrollment</u>	<u>1969-70 Total State Equalized Valuation</u>	<u>1969-70 State Equalized Valuation per pupil</u>
Albion	3,882	\$56,517,538	\$14,558
Coldwater	4,573	66,950,121	14,640
Harper Creek	3,332	28,757,937	8,630
Hillsdale	2,736	39,127,902	14,301
Marshall	3,287	41,181,581	12,528
Pennfield	2,400	21,466,599	8,994
Sturgis	3,393	58,931,182	17,368
Three Rivers	3,498	58,434,650	16,705

Table III shows the 1969-70 millage levies for operation, building and site fund, debt retirement, and the total tax levy for each of the selected school districts. Hillsdale was fourth in total operating levy, fourth in debt retirement millage, and second in total millage levied for local school purposes. It should be noted that Hillsdale levied five mills for its building and site fund in 1969-70.

TABLE III

Comparison of tax levies for local school purposes of Hillsdale and seven comparable neighboring school districts.

<u>School District</u>	<u>1969-70 total Operating Millage</u>	<u>1969-70 Building & Site Fund Millage</u>	<u>1969-70 Debt Retirement Millage</u>	<u>1969-70 total Millage for local School Purposes</u>
Albion	20.95		3.90	24.85
Coldwater	18.00		3.29	21.29
Harper Creek	26.85		7.00	33.85
Hillsdale	21.55	*5.00	3.50	30.05
Marshall	22.95		3.00	25.95
Pennfield	22.45		7.50	29.95
Sturgis	18.38	4.00	3.00	25.38
Three Rivers	17.38		0.35	17.63

*Has been reduced to four mills for 1970-71.

Data in Tables II and III provide certain facts which must be considered in determining the ability of the Hillsdale school district to pay its teachers. The SEV/PP of \$14,301 is a very important factor because it is the best figure to use to compare local tax paying ability. Since Hillsdale ranks fifth among the eight districts in SEV/PP, it can be reasonably concluded that the

district ought to be able to compare at about the same level in expenditures, particularly for teacher salaries, unless other factors are introduced.

In reviewing the total millage levies for operation shown in Table III, Hillsdale compares favorably, with a levy of 21.55 mills. However, the five mill levy (four mills in 1970-71) for the building and site fund changes the relative position of Hillsdale in comparing total millage and is a factor which the Fact Finder must weigh.

About 55 school districts in Michigan levy a tax for a building and site fund. It is, however, unusual to levy as much as five, or even four, mills. During 1970-71, the four mill levy will raise approximately \$145,000 for the building and site fund in Hillsdale. Because of legal restrictions, this money cannot be used for teachers' salaries. Nevertheless, the levy is reflected in the total tax burden for education placed upon the tax payers and therefore must be taken into account by the Board in its negotiations. On the other hand, the teachers should not be expected to accept a low salary settlement because of the four mill levy. The significance of the building and site fund levy upon collective bargaining for teachers' salaries is accountable, at least in part, for the impasse. The levy draws off money which

is not available for salaries but can be used by the Board to compare its financial posture with other districts.

Additional financial and economic data were presented to the Fact Finder during the Hearing which relate to the salary issue. The Board of Education introduced evidence that the level of unemployment in Hillsdale County has reached about 11.3 percent (October) of the total labor force. The rate of unemployment has an impact on tax collections and the Hillsdale County Treasurer verified to the Fact Finder that in his opinion the school district could expect about 1 to 2½ percent decline in its rate of tax collections for 1970-71.

The Board also informed the Fact Finder that one and possibly two Hillsdale industrial firms will close and some of their valuation lost after 1970-71.

The 1970-71 proposed budget (abbreviated form) was introduced and discussed at length during the Hearing. The Board drew the Fact Finder's attention to the recent Supreme Court decision which requires school districts to furnish free of charge textbooks, pencils, paper, and other teaching supplies. The Board estimates these additional costs will be about \$48,500. It is the Fact Finder's opinion that what the Michigan Supreme Court has clearly spelled out to be an obligation of the taxpayers cannot be subtracted from the sum that ought to be paid teachers.

However, the Board must meet its obligation and the impact of the Court decision bears directly on the issue at hand.

During the Hearing, while examining other financial items, particularly the Annual Financial Report, the Association referred to the Board's attempt to "squirrel away" funds. The Fact Finder discounts this theory, and based upon his examination of the materials presented, the Board appears to have made an honest and fair, although somewhat incomplete, presentation of its financial status. (For example, a detailed copy of the budget, including 1969-70 expenditures would have been very useful). In the future, the Board ought to permit the teachers to review the detailed budget to allay suspicions.

The Association introduced several items related to the comparison of salaries for Hillsdale teachers with other school districts in the region and the State. Teacher salary data for the eight districts included in Tables II and III were selected by the Fact Finder as the most appropriate to be used to settle this dispute. Teacher salary data shown in Table IV below reveals the salary for a teacher with a B.A. degree and no experience in Albion and Pennfield will receive \$7,500 during 1970-71 while teachers in Three Rivers have agreed to a B.A. minimum settlement of \$7,250. In 1970-71, Harper Creek will pay its teachers at

the B.A. maximum level \$12,082 while Sturgis will pay the lowest, \$9,855. Salary data for the districts for M.A. minimum and M.A. maximum are also shown. The highest salary for a teacher with an M.A. degree and no experience is \$8,100 (Albion) and the lowest is \$7,850 (Three Rivers). Harper Creek will pay \$13,446 maximum M.A. salary and the lowest is Three Rivers at \$11,475.

TABLE IV

Comparison of 1970-71 Bachelor's and Master's degree minimum and maximum salaries for Hillsdale and seven comparable neighboring school districts.

	<u>B.A. Minimum</u>	<u>B.A. Maximum</u>	<u>M.A. Minimum</u>	<u>M.A. Maximum</u>
Albion	\$7,500	\$11,700	\$8,100	\$13,179
Coldwater	7,400	11,100	8,000	12,600
Harper Creek	7,444	12,082	7,928	13,446
Hillsdale	**	**	**	**
Marshall	7,420	10,684	7,950	11,918
Pennfield	7,500	11,900	8,000	12,800
Sturgis	7,300	9,855	8,030	12,045
Three Rivers	7,250	10,512	7,850	11,475

** Not settled

After reviewing salary schedule data for Hillsdale for 1969-70 and the seven selected districts for 1970-71 presented in Table IV,

the following (Table V) is the Fact Finder's recommended salary schedule for 1970-71.

TABLE V
Fact Finder's Recommendations
for
1970-71 Hillsdale Salary Schedule

Step	B.A. Degree		B.A. Degree 20 Sem. hrs.		M.A. Degree	
	<u>Index</u>	<u>Salary</u>	<u>Index</u>	<u>Salary</u>	<u>Index</u>	<u>Salary</u>
0	1.000	\$7,200		\$7,325	1.10	\$7,920
1	1.042	7,500	Add	7,625	1.15	8,280
2	1.084	7,800	\$125	7,925	1.20	8,640
3	1.126	8,100	to	8,225	1.25	9,000
4	1.168	8,400	B.A.	8,525	1.30	9,360
5	1.210	8,710	salary	8,535	1.35	9,720
6	1.252	9,010	at	9,135	1.40	10,080
7	1.294	9,310	each	9,435	1.45	10,440
8	1.336	9,610	step	9,735	1.50	10,800
9	1.378	9,920		10,045	1.55	11,160
10	1.420	10,220		10,345	1.60	11,520
11	1.462	10,520		10,645	1.65	11,880
12	1.504	10,820		10,945	1.70	12,240

Cost (Based on 122 full-time and five part-time teachers)
equals \$1,250,072.

The cost for the Fact Finder's recommended salaries for 1970-71 is \$1,250,072 and \$20,000 for extra duty pay (Schedule B) for a total of \$1,270,072 as compared to \$1,109,279 for 1969-70, or an increase of \$160,793. During 1969-70, school district General Fund Revenues, excluding revolving account receipts, totaled \$1,730,555 and this will rise to \$1,958,709 in 1970-71 for an increase of \$228,252. In Hillsdale, 64.2 percent of the General Fund budget has been allocated for teacher's salaries. If 64.2 percent of the "new money" (\$228,252) is allocated for teacher's salaries in 1970-71, then \$146,537 is available for salary increases. Since the Fact Finder's recommendations would require \$160,793 or \$14,256 more than 64.2 percent, it will be necessary to make some adjustments in other budget categories. This should not be difficult in a budget of nearly \$2,000,000 and with a General Fund Equity balance on June 30, 1970, of \$116,840. The Board should be able to easily adjust its 1970-71 budget to accommodate the recommendations.

Comments

During the Hearing, Counsel for the Board presented materials, not disputed by the Association, which showed that on September 16 during mediation, the Association's bargaining team agreed to a

14 step salary schedule proposed by the Board on the condition that certain fringe benefit proposals by the Association were accepted by the Board. Shortly thereafter, on the same day, the Association presented another salary proposal, substantially different and much more costly than the one it had previously indicated it could accept as part of a total package. The latter act evidently ended hopes of reaching a settlement by mediation. Board's Counsel contends that the Association's acceptance of the Board's salary schedule on September 16 be considered in this report. He cites the following from Fact Finder's report In the Matter of Hillsdale County Road Commission and Teamsters State, County and Municipal Workers Local 214, dated September 3, 1969. Fact Finder Herman stated:

The Union asks that whatever pay scale is agreed upon be made retroactive to January 1, 1969. It is a fact, however, that subsequent to that demand the union proposed a retroactivity date of July 1, 1969, which it has since withdrawn... I recommend that retroactivity be made to July 1, 1969 on the theory that once a proposal has been made, it should be permitted to stand and not be made more onerous for bargaining purposes.

If the Fact Finder were to recommend that the Association's first proposal on salary made during mediation on September 16 not be exceeded, this dispute could not be settled by fact finding.

The teacher's rejection of the Board's salary schedule proposal by a vote of 29 "yes" to 82 "no" on September 17 ought to be conclusive evidence. The Fact Finder does not condone the style of bargaining on the part of the association as described above, but he also recognizes his obligation to present recommendations that will offer grounds for settlement of this dispute.

III. Issue - Health Insurance

Health insurance is a matter of concern at the highest levels of government evidenced by the fact that a national health program was introduced recently in the United States Senate sponsored by two Republicans and two Democrats. The proposed legislation calls for a viable national health program. In introducing the bill, the Senators called attention to the urgent need for vast improvements in the health care for all citizens.

The following (Table VI) shows the amount of health insurance provided by the seven of the eight selected school districts used in this report for comparison purposes.

TABLE VI

<u>School District</u>	<u>Health Insurance Provided 1970-71</u>
Albion	\$396 for married teachers and \$240 for single teachers
Coldwater	240 per year
Harper Creek	270 per year
Hillsdale	*
Marshall	225 per year
Pennfield	200 per year
Sturgis	Full Family
Three Rivers	333 per year

*Not settled

A review of health insurance programs for teachers throughout the State reveals that many school districts provide full family coverage. This should be the goal of the Board and Association for the Hillsdale teachers. It is the Fact Finder's recommendation that the Board contribute \$240.00 per year for each teacher toward health insurance. Because of the need to provide health insurance for all teachers, the Fact Finder excludes from his recommendations the provision that every teacher receive \$240.00 in fringe benefits. The goal of this fringe benefit should be to provide adequate health insurance. If some teachers are covered by their spouse's insurance, this goal has been achieved. Adequate health insurance coverage is preferable to equalization of fringe benefit allowances.

IV. Conclusion

The recommendations included in this report will not be satisfactory to either party in this dispute. The proposed salary schedule exceeds the Board's final offer and will be unsatisfactory to some teachers. The health insurance recommendations are modest. Since compromise is an essential aspect of collective bargaining, the recommendations offer a basis for an early settlement.

At the risk of sounding paternalistic, the following is in

order. The Fact Finder recognized that a deep intransigence exists between some members of the Association's bargaining team and Board representatives. Animosity at the bargaining table may be part of strategy but it should not surface during a fact finding hearing to the extent observed. Perhaps the hostility exhibited at the Hearing contributed as much as anything else to the impasse.

It is now time for the parties to set aside any personal feelings and reach an early settlement. The Hillsdale Board of Education has an excellent opportunity through use of this report to remedy in part what is clearly a substandard teacher's salary schedule. There is evidence of real progress in many aspects of the Hillsdale schools. The people have supported the Board's request for the building and site fund levy of four mills which reveals the Board has the confidence of the people. The adoption of the Community School concept by the Board is commendable. The Board now has a fine, young superintendent with excellent training, experience, and reputation. Hillsdale is indeed fortunate to have employed him. His leadership opportunities can be reinforced by early settlement of this dispute.

What appears to the Fact Finder to be optimistic features can now be undergirded by the Board by recognizing its obligation

to move its salary schedule closer to those in comparable school districts. During 1970-71, while preparing for the millage election, a study should be undertaken to improve the teacher's salary schedule and fringe benefit program for the future. I am confident the people of Hillsdale want to pay their teachers reasonable wages.

Finally, this is not the year for the teacher's to press for more than the Fact Finder has recommended. Economic conditions in Hillsdale create a climate which place restraints on the Board's ability to exceed the schedule included in this report. The Supreme Court's textbook decision cannot be entirely discounted by the teachers as it does create an unexpected financial burden on the district.

I suggest that neither side reach an early decision or make any statements until after the report has been given thorough study. If the negotiating teams believe the report can be approved, the teachers should be called into a ratification meeting at the same time the Board meets to ratify. Meetings held simultaneously for ratification purposes will allow each side to make its decision independent of any need to avoid a showing of weakness and will definitely fix the responsibility for accepting or rejecting the report.

The Fact Finder retains jurisdiction of this matter after making this report to the Commission, the Board and the Association. He is hereby requiring the respective parties to advise him by Monday, noon, October 26th, 1970, as to whether or not they will accept this report or otherwise reach an agreement by that time. If either party rejects the report and no agreement is reached, the Fact Finder will exercise his options of reopening the hearing or of issuing a public statement advising the citizens of the Hillsdale Community School District of his recommendations.

DATED: October 12, 1970
Ypsilanti, Michigan

Kenneth Grinstead
Kenneth Grinstead
Fact Finder