

STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Fact Finding Between:)
HUDSONVILLE BOARD OF EDUCATION)
and) MERC Case
HUDSONVILLE EDUCATION ASSOCIATION) No. G74-F-1008

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. Hearing was held in the Hudsonville High School on December 8, 1976. Post-hearing briefs were submitted by the parties and exchanged on December 28, 1976, and thereafter, the record was closed.

APPEARANCES:

For the Board

John Lepard, Attorney
Marvin Overway, Superintendent
Henry Johnson, Business Manager
James Brandt, Board Member
Bob BoChius, Board Member
Dale Yntema, Board Member
Roy Anderson, Board Member
Ken Devree, Board Member

For the Association

Dale Lathers, Uniserve Director
Paul Slotegracif, President HEA
Allard Frankfort, Chief Negotiator
William Kuiper, Negotiator
Brenda TerHoist, Negotiator
Orville Disselkoe, Negotiator

BACKGROUND

A prior collective bargaining agreement between the parties expired on August 31, 1976. Negotiations for a new agreement had started in the spring of 1976 and continued with regularity but without agreement on the teachers' salary schedule. The parties had agreed on all other matters previously in dispute, and the former agreement was extended while they continued to bargain to reach a new agreement on salaries only. The parties entered into mediation to seek a settlement, but the impasse continued. The Association then petitioned for fact finding, and on October 20, 1976, the Michigan Employment Relations Commission appointed the fact finder.

DETERMINATION OF FACTS

The salary schedule in effect for the contract which expired on August 31, 1976 is attached on Appendix "A". The proposal of the Board is attached on Appendix "B". The proposal of the Association is shown on Appendix "C".

A comparison of the opposing salary proposals shows that there is only a \$200 difference between the parties at step one of the B.A. salary. However in the M.A.+15 salary level, the differences between the parties proposals are in excess of \$1000 at some steps. The basic difference in the two salary schedules is that the Board has continued to employ flat dollar differences between the various columns reflecting the educational level of the teachers while the Association has employed an "index",

i.e., a factor which is the multiplier with the base B.A. salary to provide salary increments at each educational level.

Thus, the fact finder is charged with determining the facts and making a recommendation with respect to what is a fair and reasonable salary schedule for the Hudsonville teachers. The parties have submitted evidence and arguments relative to the compensation levels in comparable school districts and the wages and recent increases in compensation in other employment in comparable jobs in the community. Further, the Board's ability to pay and the need to maintain an adequate equity fund balance were debated. Also, the effects of the career earnings of the teachers, other fringe benefits secured them by the agreement and their existing longevity pay were argued by the parties. Finally, the Board and the Association contested the overall justification and fairness of their relative positions. Each of these areas will be reviewed by the fact finder in the following.

COMPARABLE DISTRICTS

The Hudsonville Board of Education notes that the salary schedule formula historically employed by the parties has been a B.A. base salary with a vertical index and fixed dollar amounts applied horizontally and verically at the other portions of the salary schedule. Further, the Board emphasizes that in addition to its salary offer, the Board is providing a 5% retirement contribution. The Board has provided extensive exhibits to show that these salary offers compare favorably to the teachers' compensation packages in other comparable school districts.

The Board offers three grouping of school districts to establish that its offer is fair and competitive. First, they have made comparisons to the other nine constituent school districts within the Ottawa Area Intermediate School District. Then, further comparisons are made to the six other school districts in their division of Ottawa Kent Athletic Conference. Finally, comparisons are made to the six school districts contiguous to the Hudsonville district. Altogether there are seventeen school districts in the Boards's comparisons.

The Association countered by proposing comparisons to only the seven other districts in Ottawa County. They argue that many of the schools in the Board's comparisons are districts, predominantly rural, in other counties, not unionized and considerably smaller.

The arbitrator determines that Hudsonville is a district with a 1976-1977 enrollment of 2468. The districts of Jenison and Grandville are immediately to the east, and Zeeland and Holland are westerly, all on the main highway from the city of Grand Rapids. Cooperville and Spring Lake are more distant, but they are nearly the same size in enrollment. Holland is approximately twice the size of Hudsonville in enrollment. Similarly, Jenison and Grandville are larger districts but comparable in most respects. Zeeland seems the most parallel district in every respect. It is simply not necessary to look to more schools than these six to make fair comparisons.

The problem with comparisons in this area is that those schools nearest the city of Grand Rapids provide compensation

more reflective of an urban community, while smaller, rural districts far from Grand Rapids (such as Sangatuck and Allendale) are able to attract teachers at a considerably lesser salary rate. Thus, the six districts described below are the most comparable for determining the fairness and competitiveness of the Board's final offer and the reasonableness of the Association's demands:

DISTRICT	ENROLLMENT	75-76 BA	76-77 BA	INDEXED	MA+15 (10th Step)
Holland	5151	\$ 9,370	\$ 10,030	no	\$15,920
Jenison	4655	9,595	10,125	no	16,614
Grandville	4367	N.A.	10,048	no	16,111
Zeeland	2505	9,494	10,100	yes	15,817
Coopersville	2405	9,730	10,111	yes	15,975
Spring Lake	2249	9,300	10,000	yes	16,500
Hudsonville	2468	9,523			
Brd's Proposal			10,000	no	15,528
Assn's Proposal			10,200	yes	16,565

From these comparisons, it can be seen that the Board's proposal is the lowest in both the base salary and in the M.A.+15 level. Conversely, the Association is seeking the highest base and top salaries in the area by its demand. In the last year of its contract, the Hudsonville district was paying more than Spring Lake and Holland and was on a par with Zeeland and Jenison. Clearly the Board's 5% wage improvement offer is not keeping pace with its neighbors. The Association's demands are in excess of

7% and would place the district's salary levels above that of even its larger neighbors. Clearly neither side has proposed a salary schedule that compares well with present or past relationships to similar school districts in the area.

The comparisons that are most crucial are those in the M.A.+15 column in the first ten years of service. For even those school districts which do not show an index on their salary schedule have provided a greater spread in compensation between their base salaries and the top salaries. The Board's proposal is below the prevailing wage levels in comparable districts for teachers with advanced degrees in their first ten years of service. Many of the schools in the comparable groups have steps beyond M.A.+15 wherein further educational achievement receives greater rewards.

The Board argues that a fair comparison of salaries must include the longevity pay features of the established Hudsonville salary schedule. The arbitrator notes that the last three steps in the Board's B.A. and the B.A.+15 salary schedules are limited to a group of five teachers and that these steps will not be available to other teachers in the future. Secondly, there are other comparable districts that have longevity steps similar to that offered by Hudsonville, which also pay a more liberal base salary. For example Grandville has steps at the twelve, seventeen, twenty two and twenty seven year levels, and Zeeland has four longevity steps for all levels of educational achievement from the tenth year of service to the twenty fifth year. Coopersville has three longevity steps for the M.A. level and higher. Further,

Holland does have steps beyond the twelfth year to fifteen years for the M.A. level and higher. Jenison has one step at fifteen years. Only Spring Lake has no longevity steps in its schedule. Thus, while the Hudsonville longevity program is generally superior, it is not so great an improvement as to offset the inferiority of its higher degreed teacher salary levels. This is further supported by the fact that some other comparable districts have a cost of living adjustment tied to the base salaries (e.g. Jenison). A C.O.L.A provision would more than offset a generous longevity provision in salary comparisons.

The Board's career earnings comparisons (thirty years of service) demonstrates how well Hudsonville teachers are rewarded in the later years of service under the longevity pay schedule in the district. However, this result is somewhat distorted by the large salary increment of \$450 at the twelfth step. Further, the comparison incorrectly assumes an individual would remain at one educational salary level for the full thirty years. The Association did establish that the career progression path through the salary schedule would more accurately be a move upward and across diagonally as years of service and further degree credits are taken into account for each individual. Thus, because few teachers in the bargaining unit actually complete thirty years of service, while nearly all will serve in the district for periods from three to twelve years, the Association's position on an indexed salary schedule seems the more reasonable. The fact finder concludes this is in part the reason why all other comparable schools have adopted the policy of indexing salary schedules even if the

numerical factors do not appear in the schedule.

OTHER COMPARISONS

The comparisons to other school districts of equivalent size throughout the state was not helpful to the fact finder. There were adequate comparable school districts serving Ottawa County with which to make comparisons with confidence. To search far afield for other benchmarks is not necessary or reliable.

Similarly, the employment compensation levels and trends in other public employment and in private employment in the school district area only serves to reinforce facts known to both the Association and the Board. First, there has been an inflationary spiral of living costs over the last several years. These increased living expenses serve to spur salary demands by employees everywhere, including teachers. However, those same inflationary forces cause school district voters to reject millage increases or to even turn down the continuation of existing millage assessments. Also, the Board experiences increased costs for fuel, materials and services which often reduces their operating capital. However, it seems clear that base salary increases in the area in non-teaching jobs have generally risen in the same 5% to 7% range as do the two proposals now before the fact finder. This seems generally to keep pace with the 6% annual increase in the cost of living.

It must be noted that a 6% increase in the base salary could bring an overall salary package increase of from 8% to 11% because of the pyramiding effects of the salary schedules, step

increases, vertically and horizontally. The Association's proposal would cause an overall increase of approximately 11%. This level could be excessive based on all of the comparables described above. Thus, even though a horizontal salary index seems a more reasonable method of salary structure, the Association has used a base salary and index rates which produced a salary level that is not reasonable under the circumstances.

The fact finder notes that the total package of fringe benefits (hospitalization, life insurance, etc.) paid to the Hudsonville teachers is very competitive with that paid to other teachers in the area. Certainly the increased costs for insurance coverage is a factor that must be considered by the employer when reviewing the costs it must absorb in the coming year. Unfortunately, employees often do not consider their continued coverage under existing programs to be a new benefit even though the employer may have granted what amounts to a more valuable benefit in that contract year. A union and its members must take into account the cost of the wage-fringe "package". In the case before the fact finder, the Hudsonville Board has already agreed to certain insurance programs as have the other comparable schools. Thus, it is a factor that will not be considered as an offset when determining a fair salary level.

ABILITY TO PAY

The Board has not asserted that it does not have an ability to pay the salaries sought by the Association. Rather, it has argued the reasonableness of its own offer and the wisdom of

retaining a responsible level of reserves (fund equity) for sound fiscal management. The percentage of the total school budget paid to teachers had dropped from more than 65% to less than 60% in the last six years. Further, during this period the school's general fund has risen substantially.

FUND EQUITY

The Board's efforts to maintain an effective general fund equity level is reasonable and indeed necessary in today's period of uncertainties of state aid and fuel prices. Even so these are obvious limits on how much can be retained for security and cash flow. The mere fact that a general fund equity exists is not a basis for further teacher salary increases. However, legitimate salary demands cannot be turned aside because of extremely conservative fiscal policies by a school board. In the matter before the fact finder here, there is adequate resources to support a salary increase greater than that currently offered by the Board. The Association's present salary demands would unreasonably deplete the general fund equity even though there is a clear ability for the school to pay these higher demands.

RECOMMENDATIONS

Based upon the reasoning presented above, the record as a whole and the parties arguments, the fact finder makes the following recommendations:


- A. B.A. Base \$10,050 + 5% paid by the Board
 - B. Horizontal index for steps 1 to 2
 - B.A.+15 1.02 index
 - B.A.+30 1.04 index
 - M.A. 1.06 index
 - M.A.+15 1.08 index
 - M.A.+30 or PhD 1.10 index
 - C. Longevity steps at 15, 20 or 25 years of service, a flat \$500 increase
- The resultant 1976-1977 salary schedule is below:

STEP	EXPER- IENCE	INDEX	BA 1.00	BA+15 1.02	BA+30 1.04	MA 1.06	MA+15 1.08	PhD MA+30 1.10
1	0	1.00	\$10,050	\$10,251	\$10,502	\$10,603	\$10,804	\$11,005
2	1	1.05	10,553	10,764	10,975	11,186	11,397	11,608
3	2	1.10	11,055	11,276	11,497	11,718	11,939	12,160
4	3	1.15	11,558	11,789	12,020	12,251	12,482	12,714
5	4	1.20	12,060	12,301	12,542	12,784	13,025	13,266
6	5	1.25	12,563	12,814	13,066	13,317	13,568	13,819
7	6	1.30	13,065	13,326	13,588	13,849	14,110	14,372
8	7	1.35	13,568	13,839	14,111	14,382	14,653	14,925
9	8	1.40	14,070	14,351	14,633	14,914	15,196	15,477
10	9	1.45	14,572	14,863	15,155	15,446	15,738	16,029
11	10	1.50	15,075	15,377	15,678	15,980	16,281	16,583
12	11	1.55	15,578	15,890	16,201	16,513	16,824	17,136

\$500 longevity steps at 15, 20 and 25 years at BA+30 levels and above. (Five employees in BA and BA+15 to also receive longevity steps.)

This schedule is competitive and reasonable. In many ways it is most comparable to the Zeeland salary schedule which is the district most like Hudsonville. The starting salary is somewhat lower than the average among comparable school districts which is nearer to \$10,100. However, the extra compensation at the B.A. + 30 level and the economic impact of indexing in the first year have been taken into account. The removal of the longevity steps from indexing seems justified on the basis of comparisons to other districts and the net cost factor. In its first year this new schedule will provide some dissimilar salary increases for individual teachers, but in the long run all teachers will be treated equally and compensated fairly.

DATED: February 14, 1977



BARRY C. BROWN, Fact Finder

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1975-1976
SALARY SCHEDULE

EA BASE: \$ 9,523.81 + 5% retirement

MA: 750.00 + \$20 increment/step + \$450 on Step 12

<u>STEP</u>	<u>EXPERIENCE</u>	<u>INDEX</u>	<u>EA</u> <u>SALARY</u>	<u>EA + 15</u> <u>SALARY</u>	<u>EA + 30</u> <u>SALARY</u>	<u>MA</u> <u>SALARY</u>	<u>MA + 15</u> <u>SALARY</u>
1	0	1.00	9,523.81	9,666.67	10,142.86	10,238.10	10,420.57
2	1	1.05	10,000.00	10,142.86	10,619.05	10,733.33	10,923.81
3	2	1.10	10,476.19	10,619.05	11,095.24	11,228.57	11,419.05
4	3	1.15	10,952.38	11,095.24	11,571.43	11,723.81	11,914.29
5	4	1.20	11,428.57	11,571.43	12,047.62	12,219.05	12,361.90
6	5	1.25	11,904.76	12,047.62	12,523.81	12,714.29	12,857.14
7	6	1.30	12,380.95	12,523.81	13,000.00	13,209.52	13,352.38
8	7	1.35	12,857.14	13,000.00	13,476.19	13,704.76	13,847.62
9	8	1.40	13,333.33	13,476.19	13,952.38	14,200.00	14,342.86
10	9	1.45	13,809.52	13,952.38	14,428.57	14,695.24	14,838.10
11	10	1.50	14,285.71	14,428.57	14,904.76	15,190.48	15,333.33
12	11	1.55	14,761.90	14,904.76	15,380.95	16,114.29	16,257.14
15	14	1.60	(15,238.10)*(15,380.95)*	15,857.14	16,600.52	16,752.38	
20	19	1.65	(15,714.29)*(15,857.14)*	16,333.33	17,104.76	17,247.62	
25	24	1.70	(16,190.48)*(16,333.33)*	16,809.52	17,600.00	17,742.86	

*APPLIES ONLY TO THE FOLLOWING EMPLOYEES:

Fanny DeKleine, Elaine Garvelink, Loula Palmbo, Geraldine Roelofs and Petty VanDenBer

The number of steps in this schedule is not negotiable through the 1977-78 contract.

EXHIBIT "A"
1975-1976 Non-Contributory Schedule

BA BASE: \$10,000 (10,500)

MA: 750 + \$20 increment/step + \$450 on Step 12

<u>STEP</u>	<u>EXPERIENCE</u>	<u>INDEX</u>	<u>BA SALARY</u>	<u>BA + 15 SALARY</u>	<u>BA + 30 SALARY</u>	<u>MA SALARY</u>	<u>MA + 15 SALARY</u>
1	0	1.00	10,000	10,500	10,619	10,710	10,904
2	1	1.05	10,500	10,619	11,119	11,238	11,423
3	2	1.10	11,000	11,119	11,619	11,752	11,942
4	3	1.15	11,500	11,619	12,119	12,271	12,461
5	4	1.20	12,000	12,119	12,619	12,790	12,933
6	5	1.25	12,500	12,619	13,119	13,300	13,452
7	6	1.30	13,000	13,119	13,619	13,820	13,971
8	7	1.35	13,500	13,619	14,119	14,340	14,490
9	8	1.40	14,000	14,119	14,619	14,860	15,009
10	9	1.45	14,500	14,619	15,119	15,380	15,528
11	10	1.50	15,000	15,119	15,619	15,900	16,047
12	11	1.55	15,500	15,619	16,119	16,450	16,595
13	12	1.60	16,000	16,119	16,619	17,000	17,144
20	19	1.65	16,500	16,619	17,119	17,500	17,643
25	24	1.70	17,000	17,119	17,619	18,000	18,142

APPLIES ONLY TO THE FOLLOWING EMPLOYEES:

Terry DeKloene, Elaine G. Gellman, Paula Palmer, Geraldine Backofe and Betty Vandenberg

EXHIBIT "B"

Board's Non-Contributory Salary Schedule Proposal for 1976-1977.

H.E.A. PROPOSAL
1976-77
SALARY SCHEDULE

BA BASE: \$10,200 + 5% RETIREMENT PAID BY THE BOARD

STEP	EXPERIENCE	IM-EX	BA 1.00	BA+15 1.03	BA+30 1.06	HA 1.03	HA+15 1.12
1	0	1.00	10,200	10,506	10,812	11,118	11,424
2	1	1.05	10,710	11,031	11,353	11,676	11,995
3	2	1.10	11,220	11,557	11,893	12,230	12,566
4	3	1.15	11,730	12,082	12,434	12,786	13,138
5	4	1.20	12,240	12,607	12,976	13,342	13,709
6	5	1.25	12,750	13,133	13,515	13,893	14,280
7	6	1.30	13,260	13,658	14,057	14,453	14,851
8	7	1.35	13,770	14,183	14,596	15,009	15,422
9	8	1.40	14,280	14,708	15,137	15,565	15,994
10	9	1.45	14,790	15,234	15,677	16,121	16,565
11	10	1.50	15,300	15,759	16,209	16,677	17,136
12	11	1.55	15,810	16,284	16,759	17,233	17,707
13	14	1.60	(16,320)*	(16,810)*	17,299	17,789	18,278
20	19	1.65	(16,830)*	(17,335)*	17,640	18,345	18,850
25	24	1.70	(17,340)*	(17,860)*	18,300	18,901	19,421

*APPLIES ONLY TO THE FOLLOWING EMPLOYEES:

Penny DeKleine, Elaine Garvalink, Louis Palumbo, Geraldine Roelofs, Betty VanDenberg

The number of steps in this schedule is not negotiable through the 1977-78 contract.

EXHIBT "C"

Association \$10,200 Non-contributory Proposal for 1976-1977.