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STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION

IN RE: FACT FINDING

JEFFERSON BOARD OF EDUCATION

-and-

JEFFERSON EDUCATION ASSOCIATION

Case No.  
D-72F 1687

George T. Russell 10-27-72

FACT FINDERS REPORT AND RECOMMENDATIONS

Appearances:

For the Jefferson Board of Education  
Harold Sadt, Supt. of Schools

For the Jefferson Education  
Association  
Kenneth MacGregor  
Executive Director

The Jefferson Board of Education operates a school system in Frenchtown Township, Monroe County, Michigan, consisting of approximately 2,886 children and a faculty of 125, including four parttime teachers. The Jefferson Education Association is the collective bargaining representative of the Teachers.

After numerous bargaining sessions and the exhaustion of mediation, the parties reached an impasse in the negotiations for their 1972-73 Master Agreement. There were actually three issues preventing the parties from reaching an agreement. These were (1) Credit for outside experience; (2) A dispute over an upgraded group insurance plan; (3) Salary schedule.

The parties were able to resolve their dispute as to

Jefferson Bd. of Education

the insurance program so that there remain just two issues at the time of the fact finding hearing; namely, the question of outside experience credit on the salary schedule and the salary schedule itself.

To serve as a base point in arriving at his report and recommendations, a Fact Finder is well-advised to utilize certain criteria or guide lines that have generally been recognized as proper tools in fact finding. As to the circumstances and facts here in Jefferson School District, the following criteria are indeed helpful and will be utilized in this report and its recommendations:

1. The ability to pay.
2. Comparisons.
3. Past and current bargaining history.
4. The affect of the cost of living on the parties.

#### THE ISSUE OF OUTSIDE CREDIT

The credit for outside experience issue can perhaps be better formulated by referring to the issue as stated by the Board, namely, the "Acceptance of seven years instead of five years on the salary schedule for employing new staff members".

This is a proposal by the Board of Education. The Board of Education has in essence relied on the comparison criteria in supporting this position.

In its submission to the Fact Finder, the Board presented the following argument as to the credit for outside experience:

"In May of 1972, the Board presented the JEA with language under Article XXI Professional Compensation for consideration which would place teachers with experience on the 7th step of the salary scale instead of the 5th step when employed for the first time if the teaching experience was 7 or more years.

The Board would like to have the tools to employ an experienced person for special openings that occur on the staff in the future. It is obvious that in today's market for professional staff that 5 years on any salary scale may not be sufficient to offer a competitive salary to an experienced person.

In a study of comparisons of 73 Class B school districts in Michigan with enrollments between 2,000 - 3,000 for the 1970-71 school year, outside experience was accepted as follows:

<u>Step on Scale</u>	<u>Number of Schools</u>
4th year	1
5th year	19
6th year	4
7th year	14
8th year	17
9th year	1
10th year	3
11th year	1
Full	11

There were 47 schools that accepted 7 or more years of experience on their salary scales in this study.

This is 64.4% of the schools in this study that offered 7 or more years of experience on their salary scales for initial employment in a new district."

The comparisons used by the Board above was a general survey of Class B school districts throughout Michigan. However, we do note that at least one other Class B district in Monroe County, Michigan, Mason, does give credit up to eight years for outside experience.

The Association, in opposition, argues, that because

of the teacher surplus, there is no need to give seven years credit for seven years of outside experience, as there would be teachers with said experience willing to work on the salary schedule at the five-year credit now authorized under the previous contract. This, the Association argues, could be a savings of money for the school district and, in turn, make monies available for general teachers' salaries.

The Association does admit, however, that there is validity to the Board's argument that there is a shortage of some areas of teaching in which this provision might be helpful in attracting experienced teachers. One of those areas is auto mechanics and the Association would agree that if the seven-year experience were limited to auto mechanics, then they would have no objection to the provision.

The Board emphasizes that the seven-year provision would give it more flexibility in filling staff positions in developing its program. We think that when one examines the comparisons and notes that even in Monroe County there are at least some districts giving more than five years experience, there is no reason not to recommend seven years of credit for outside teaching experience. The argument of the Teachers is indeed not persuasive because in any event the employment of a teacher will be taking one teacher out of the employment market. The argument that the Board should preserve its resources and not hire new teachers to the district at higher salaries is not persuasive. This is up to the school board so long as the school board leaves funds available in order to pay other teachers in the District the wages set forth in their contract.

For these reasons, this Fact Finder will recommend that the Board position be accepted and that the new contract contain credit for up to seven years outside teaching experience.

#### SALARY

The most serious problem between the parties, of course, is the Salary Schedule. An examination of the parties' past bargaining history sheds light on the nature of the present impasse.

The parties have had a collective bargaining relationship since 1966. Below are the salary scales that the party negotiated for the four school years immediately prior to the 1971-72 school year.

	<u>AB Min.</u>	<u>AB Max.</u>	<u>MA Min.</u>	<u>MA Max.</u>	<u>+ 30 hrs.max.</u>
1967-68	5900	9100	6400	10,000	11,000
1968-69	6500	10,100	6800	11,200	12,300
1969-70	7000	10,950	7300	12,050	13,100
1970-71	7500	11,700	8000	13,250	14,800

At the time the price and wage freeze was announced by President Nixon on August 13, 1971, the parties had not yet reached an agreement for the 1971-72 Master Agreement. Shortly before school was to commence on September 5, 1972, and still during the wage freeze, the parties agreed to extend the 1970-71 Contract while negotiating. On November 13, 1972, the parties reached agreement which was the date that the wage freeze ended

and the commencement of Phase II of the Economic Stabilization Program.

The salary schedule agree to provided as follows:

	<u>AB Min.</u>	<u>AB Max.</u>	<u>MA Min.</u>	<u>MA. Max.</u>	<u>+ 30 Hrs.max.</u>
1971-72	7,800	12,168	8,320	13,780	13,392

It should also be noted that there was a fifth tract in the schedule for a permanent certificate with an AB Minimum permanent certificate teacher receiving \$8,008 and at the AB Maximum \$12,948. In other words, traditionally, the Jefferson School District had paid more for those teachers with AB's attaining permanent certificates.

- This 1971-72 salary schedule contained the following legend; "72-8% of this schedule will be serviced starting as of November 13th".As the result of this legend the School Board paid the following salaries during the 1971-72 school year:

	<u>AB Min.</u>	<u>AB Max.</u>	<u>MA Min.</u>	<u>MA Max.</u>	<u>+ 30 hrs.max.</u>
1971-72	7,718	12,041	8,118	13,636	15,231

The teachers maintain that the salary schedule as actually stated in the Contract, to wit, beginning with the AB Minimum of 7800.00, is what was negotiated. The Board, however, states that the Fact Finder should only consider the figures actually paid, and that, in fact, if the Board knew that it would have to pay \$78000.00 AB Minimum scale, it would have negotiated

for a more modest wage scale.

We are more inclined to believe the teachers' version of what the \$7800 really meant in the salary schedule for the reason that in the document supplied to the Fact Finder by the Board, the following statement is made concerning the actual figures paid during the 1971-72 school year:

"The figures shown are actual paid salaries which was 72.8% of the increase of the 70-71 scale as compared to the posted scale for 1972-73 due to the Price & Wage Freeze. (Emphasis added)"

We further note that based upon the previous negotiated raises between the parties, a raise to \$7800 at the AB Minimum would only have meant a \$300 increase and at the AB Maximum \$468, whereas, in the previous years the increases have ranged from \$600 to \$500 at the AB Minimum and \$1000 to \$850 at the AB Maximum. The increase, for example, actually paid at the AB Minimum was \$218 and at the AB Maximum \$341. Obviously, the rate stated in the schedule was more consistent with the parties' past bargaining history.

We are also impressed with the Teachers' position by virtue of the fact that a \$7800 AB Minimum and the schedule following therefrom is consistent with the rates paid in 1971-72 by similarly situated school districts in Monroe County.

The Association has presented a schedule that actually

showed what effect the wage price freeze had on the parties over the negotiated amount and what effect the Board's offer would have percentagewise:

	<u>"Negotiated 1970-71</u>	<u>% Increase</u>	<u>Negotiated 1971-72</u>	(1) <u>Actual Salaried Paid 1971-72</u>	<u>Actual % Increase</u>
BA Min.	7,500	4%	7,800	7,718	2.95%
BA Max.	11,700	4.3%	12,200	12,041	2.92%
MA Min.	8,000	4%	8,320	8,233	2.91%
MA Max.	13,250	4.17%	13,780	13,636	2.92%

- BOARD OFFER -

	<u>Amount over money earned 1971-72</u>	<u>% Increase over Negotiated 1971-72</u>	<u>% Increase over Money Earned</u>
BA Min.	\$ 92.00	0	1.48%
BA Max.	\$ 169.00	0	1.32%
MA Min.	\$ 97.00	0	1.05%
MA Max.	\$ 164.00	0	1.24%

(1) Due to Wage-Price Freeze "

The teachers on the other hand asked for a salary schedule based on the following increases:

<u>AB Min.</u>	<u>AB Max.</u>	<u>MA Min.</u>	<u>MA Max.</u>
8,336	13,020	8,902	14,745



From a total monetary standpoint spread over 125 teachers the Board's offer represents approximately an expenditure of \$1,320,000 which includes two new teaching positions. This is to be contrasted with a total teacher expenditure during the 1971-72 year of \$1,265,000 or a difference of approximately \$63,000. About \$16,000 of the proposed additional expenditure is for two new teaching positions. In other words, there is actually \$47,000 new money proposed by the Board for teachers' salaries.

Including the two new positions, the teachers' demand represents an expenditure of \$1,407,000 or an increase over the previous year expenditure of \$142,000. The difference between the two offers in terms of dollars is the difference between \$1,407,000 and \$1,328,000 or approximately \$79,000.

This collective bargaining history explains the reason for the parties' bargaining impasse over salaries, which was highlighted by the parties misunderstanding as to what their bargain was as to salaries in the 1971-72 contract. In essence, the issue stems, in part, from the effect of the Economic Stabilization Program, better known as the Wage-Price Freeze. The Association argues that it (1) negotiated increases of about 4% in 1971-72; (2) actually received increases of around 2.95%; (2) the current Board offer provides increases varying between 1.05% and 1.48%. The Association's demands adjust the 1971-72 figures 7% or using the Association's words: "taken in its entirety, the 1971-72 percentage increase of less than 3%, plus the proposed 7%, yields an average salary schedule adjustment of 5%."

The starting point in analyzing the situation is the comparison criteria. The proper comparison, of course, would be school districts in and around Monroe County, Michigan.

The 1971-72 salary schedules for Monroe County bordering districts in four categories was as follows:

	<u>BA Min.</u>	<u>BA Max.</u>	<u>MA Min.</u>	<u>MA Max.</u>
Airport	7,922	12,707	8,525	14,228
Bedford	7,632	12,484	8,530	13,371
Monroe City	8,075	13,125	9,200	14,800
Dundee	7,800	12,238	8,300	13,926
Ida	8,200	12,600	8,800	13,900
Mason	7,865	12,471	8,545	13,217
Milan	7,450	13,100	8,400	14,500
Saline	7,850	12,100	8,500	14,000
Summer- field	7,800	12,200	8,320	13,208
Whiteford	7,400	11,458	8,000	12,058

The above chart indicates that using a \$78000.00 AB Minimum figure, Jefferson would rank in the middle of the eleven districts (including Jefferson) at the AB Minimum as there were five districts paying above \$7,800, three paying \$7,800 and three paying below \$7,800. At the AB Maximum, using the figure of \$12,200, Jefferson would rank in the lower third, as there are only two districts paying below \$12,200 at the AB maximum. Using \$8,320, at the MA minimum, we would find that Jefferson would rank

only in eighth place along with Summerfield as there were only two districts paying less than \$8,320.00. At the MA maximum at \$13,780, Jefferson would rank seventh out of eleven as there were four districts paying below \$13,780.00. On the actual figures paid, Jefferson's ranking as set forth above would be about the same except at the MA minimum it would be lower.

The parties arrived at the above rankings in free collective bargaining without the aid of fact finding. In the same compared Monroe County districts with the exception of Mason, which is as yet unsettled, we have noted the 1972-73 settlements:

	<u>BA</u> <u>Min</u>	<u>BA</u> <u>Max</u>	<u>MA</u> <u>Min</u>	<u>MA</u> <u>Max</u>
Airport	8,251	13,053	8,919	14,616
Bedford	7,922	12,925	8,853	13,844
Monroe City	8,500	13,125	9,200	14,800
Dundee	8,100	12,800	8,600	14,450
Ida	8,500	12,900	9,100	14,200
Milan	8,000	13,200	8,500	14,700
Saline	8,100	12,400	8,750	14,300
Summerfield	8,128	12,733	8,669	13,868
Whiteford	7,800	12,000	8,400	12,750

At an AB minimum of \$7,800, Monroe would place last of the nine settled districts, whereas in the previous year it placed in the middle. At a \$12,200 AB maximum, Jefferson would be next to last whereas in the previous year it ranked somewhat higher. At the MA minimum of \$8,320, Jefferson would rank last, whereas in the previous year, two districts ranked below it and one paid the same. At the MA maximum of \$13,780, Jefferson would rank last, whereas the previous year it ranked seventh out of eleventh. Quite obviously, if the Board's offer was accepted, the teachers of Jefferson would be, on a comparison basis, losing ground.

The percentage increases of from 1.05% to 1.48% of the Board's offer are actually less than the increase in the cost of living during the 1971-72 school year. Thus, based on the Board's offer, the teachers would actually be getting less spending power than the year before.

On the other hand, it becomes quite evident that the Association's demand is not consistent with the comparisons. An AB minimum salary of \$8,336 would place the district in the top three at that level and an AB maximum salary of \$13,020 would again place the district among the top three. A similar result is found at the \$8,902 figure for the MA minimum. The demanded MA maximum of \$14,745 would make Jefferson in this category the highest paid in the county, with the exception of Monroe City. These demands are inconsistent with the comparisons that the parties were satisfied with when they reached agreement the last time that they engaged in free collective bargaining without the assistance of fact finding; namely, in the 1971-72 Master Agreement.

We appreciate that Jefferson does have a unique situation of providing an extra track for permanent certificates. We also appreciate that Jefferson does have longevity pay. Nevertheless, the comparisons made above are still valid. They do establish that the Board's offer is far too low, based not only on the comparisons, but on the fact that in past collective bargaining, the parties have reached agreements that compared more favorably than the present offer. Likewise, we believe that the Teachers' demand is contrary to the comparisons and the parties' past bargaining history.

If we accept that the negotiated figures were \$7,800

at the BA maximum, \$12,200 at the BA maximum, \$8,320 at the MA minimum and \$13,780 at the MA maximum in the 1971-72 Master Agreement, it becomes clear that in the previous year, Jefferson compared in the BA category very clearly with Summerfield and Dundee. The comparison with Dundee continued on the MA tracks although admittedly, Summerfield was about \$500 less and Dundee about \$175 more at the MA maximum. Examining those two comparable districts, we note that Summerfield is paying \$8,138 to \$12,733 and at the MA \$8,669 and \$13,868; Dundee pays from \$8,100 to \$12,800 (AB) and \$8,600 to \$14,450 (MA). The purpose of making the comparison with Dundee and Summerfield is to compare two districts in the same county to give some indication what collective bargaining in those districts has brought in terms of raises.

We particularly point out that in Summerfield the increases were 4% and in Dundee the increase varied from 4% to 3.5%. These percentages would indicate that the Board's percentage increases were far too low and would verify that the increases sought by the Teachers did not follow the bargaining pattern in Monroe County.

We believe that an increase percentagewise along the Saline-Dundee increases (using an \$7800 AB base) and consistent with the monetary increases in those cities, which are fairly incompatible, would be proper here.

Therefore, we would recommend the following salary scale in Jefferson for the 1972-73 year:

BA Min	BA Max	MA Min	MA Max
\$8,100	\$12,700	\$8,627	\$14,231

However, before making the above salary recommendation, the Fact Finder must compare the proposed recommendation with the District's ability to pay.

For the last three years, the Board has been spending more moneys in operating the school district than it received. As a result as of June 30, 1972, the Board had a cash deficit of \$59,000. The deficit for the year ending June 30, 1971, was \$32,882 and on June 30, 1972, \$17,344 and apparently on June 30, 1970, the cash deficit was \$9,574.

These deficits cannot, of course, be all attributable to teachers' salaries because there are other expenses in running a school district. We do note that the year ending June 30, 1971, was the highest deficit year among the three. We also will note that the Board's deficit may have been higher the year ending June 30, 1972, had it paid the stated salaries in the contract rather than 72.8% of the contractual schedule. Though there has been a cash deficit for the last three years, the 1972-73 school year shows brighter prospects for the District's finances. Because of an increase in property valuation, the estimated revenues of the district for 1972-73 is \$2,346,143. This compares to the 1971-72 revenues of \$2,139,349. In other words, the District expects increased revenues of \$206,794. The estimated expenses of the District are placed at \$2,226,863. This estimate includes the Board's offer, namely, beginning the BA minimum at \$7,800. In other words, the Board anticipates a cash surplus of \$119,280. Of this, the Board anticipates paying the cash deficit of \$59,000 and having working capital of \$50,000, leaving a balance of \$10,280.

These figures alone clearly establish that the Board

does have some surplus funds which it has not had for the last three years. At least \$10,280 is surplus, and we suggest that at least \$50,000 more is surplus so to speak because this figure represents working capital, a luxury which the Board has not had for the last three years.

The proposed recommended salary schedule will add about \$50,000 more to the schedule over and above the \$63,000 that the Board is offering from the 1971-72 school year (including the two additional teachers). Fifty Thousand Dollars would, of course, eliminate the \$10,280 balance and take approximately \$40,000 from working capital. But such a recommendation would still permit the Board to have a working capital of approximately \$10,000. We repeat that having working capital is a luxury. the Board has not had for the last three years. In addition, the proposed recommended salary would permit the Board to pay off its cash deficit. Such an increase would also still leave the Board monies to negotiate benefits with the small group of other employees subject to collective bargaining agreements.

Another approach would be to examine the percentage of general fund revenue being used for teachers' salaries. As compared with total estimated revenues of \$2,346,143, the additional \$50,000 for teachers' wages would mean that the teachers' salaries to total revenue is approximately about 58.3%.

The 58.3% figure for total general revenue versus total teachers' salaries is consistent with the percentage between total general revenue and total teachers' salaries paid by the Board which in 1970-71 was 58.1% and in 1971-72 was 58.9%. Thus, we believe that the recommendations here are not only consistent

with what the Board has spent percentagewise of total income in the past for teachers' salaries, but are consistent with the Board's ability to pay.

From a teacher's standpoint, it does place the teachers at the approximate ranking of their salaries on each level among Monroe County's schools as they had in the 1971-72 years. At the top of this schedule, the teachers are slightly lower than Dundee, yet higher than Summerfield, which has been their traditional position.

From a cost-of-living standpoint, certainly the recommendations would be consistent with the increases in the cost of living, whereas, quite obviously as pointed out before, the Board's offer would not even have given the teachers a cost-of-living raise.

Finally, from the wage price point of view, we believe that this increase should either be within the guidelines or subject to the appropriate exceptions because of the fact that the increase that the teachers actually received in the 1971-72 school year was less than 3%. Consistent with the recommendations that are to follow, the parties are expected to apply to the Wage-Price Board, if necessary, for any exceptions.

Based on the above discussion, the following recommendations are made. They are made retroactively simply because it would be extremely unfair to expect the teachers to not utilize the strike weapon and instead utilize Fact Finding to thus find themselves handicapped in that they would not get wage increases retroactively which they might very well have gotten if they had immediately gone on strike when the impasse



was reached.

RECOMMENDATIONS

Recommendation 1. The contract shall contain a provision that the Board may give up to seven years credit teaching experience other than that in the Jefferson School District.

Recommendation 2. The wage schedule in the contract shall be as set forth in the attached Appendix A, commencing September 1, 1972.

Recommendation 3. All recommendations contained herein shall be retroactive to September 1, 1972.

  
George T. Roumell, Jr.  
Fact Finder

October 27, 1972.

SALARY SCHEDULE1972-73

<u>Step</u>	<u>AB</u>	<u>Perm.</u>	<u>MA</u>	<u>MA+15</u>	<u>MA+30</u>
1.	8,100	8,303	8,627		
2.	8,200	8,465	8,844		
3.	8,573	8,844	9,060		
4.	8,952	9,228	9,547		
5.	9,384	9,763	10,087		
6.	9,925	10,304	10,736		
7.	10,441	10,820	11,360	11,955	12,542
8.	10,982	11,460	12,009	12,658	13,361
9.	11,523	12,118	12,770	13,470	14,227
10.	12,082	12,788	13,499	14,256	15,067
11.	12,700	13,415	14,231	15,042	15,907

Longevity \$150 every three years of service  
beginning with the 1964-65 school year.