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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
LABOR RELATIONS DIVISION

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STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In Re:

Fact Finding

LAKE FENTON BOARD OF EDUCATION

-and-

LAKE FENTON EDUCATION ASSOCIATION

Michigan State University

FACT FINDER'S REPORT
AND RECOMMENDATIONS

Appearances for the Lake Fenton
Board of Education:
Thomas A. Basil

Appearances for the Lake
Fenton Education Association:
Gary Vandemark

Lake Fenton Board of Ed.

Following a ten day strike, the Lake Fenton Board of Education (hereinafter sometimes called "Board"), and the Lake Fenton Education Association (hereinafter sometimes called "Association" or "Teachers") in October, 1969 entered into a collective bargaining contract covering a two year period, namely, the 1969-70 and 1970-71 school years.

This contract provided for a reopener at the end of the 1969-70 school year as to matters concerning Teachers' salaries for the 1970-71 school year. The Teachers did reopen the contract to bargain concerning their 1970-71 school year base salaries and the amount of substitute pay per hour for both secondary and

F.F.
George T. Roumell, Jr.

primary school teachers. The Board and the Teachers failed to reach agreement on these issues, thus necessitating Fact Finding.

The Board's last proposal was based on an eleven step salary schedule with three tracks, to-wit, BA, MA and Educational Specialists. The Board proposed to pay \$7,700 at the BA minimum, \$11,200 at the BA maximum, \$8,200 at the MA minimum and \$11,900 at the MA maximum.

The Association proposed the same 10 steps as in the present contract with the same five tracks, namely, BA, BA+15, MA, MA+15 and Education Specialists. The Association proposed that the BA minimum be \$7,800, BA maximum - \$12,102, MA minimum - \$8,600, MA maximum - \$13,342.

The Association's proposal would cost \$64,000 more to implement than the Board's proposal.

Both parties agree that the per high school period substitute pay should be raised from \$5 to \$6 per period. The only area of dispute is whether elementary Teachers should receive per period substitute pay. They do not do so under the present contract language. Per period substitute pay is pay for a Teacher who is asked to and does teach during his or her planning or free period.

Fact Finders have developed certain criteria in preparing their reports and making recommendations. Four such criteria can be used in resolving the present dispute in the Lake Fenton School District. They are: the ability of the district to pay; the past and present bargaining history of the parties; comparisons with other similar situated school districts; and the possible result of a strike if in fact there had been a strike (strike criteria).

Past and present bargaining history and the strike criteria are indeed most important here. This is a two year contract. The dispute here is the result only of a reopener. As a result of the fall 1969 strike, the parties entered into the two year contract covering both the 1969-70 and 1970-71 school year which included certain concepts particularly as to the Salary Schedule A. The parties apparently believe that the basic concepts set forth in the contract were satisfactory particularly in view of the circumstances (including a strike) under which they were bargained.

This Fact Finder has had the occasion in the fall of 1970 to review four disputes involving the reopening of two year contracts. He has been consistent in holding that he will not disturb any of the basic concepts that the parties themselves, for whatever reason, including a strike situation, have reached in their two year contracts.

In fact, in the last dispute where the Fact Finder had this situation, it was the School Board (Lansing) who argued this concept.

There is an advantage to both boards and associations in having contracts of durations longer than one year. By having two and three year contracts, it permit boards more opportunities to engage in long range financial planning so as to meet the economic realities of collective bargaining. By having longer duration contracts, associations are better able to obtain economic gains because of the board ability to engage in long range financial

planning rather than on a yearly basis as is the case of yearly contracts. For this reason, the concepts established in the two and three year contracts should be maintained. Otherwise, a reopener is only another way of arriving at a one year contract.

The basic purpose of a reopener such as the one in the Lake Fenton contract is to review the economics in view of the changing economic picture and to correct any economic inequities. This is particularly true in a district like Lake Fenton where there were financial problems last year and where there were indications that more State aid would be made available to the Lake Fenton District. But this is all a reopener should be for. It should not be for the purpose of adopting new concepts which the parties did not initially include at the beginning of the two year contract.

It is clear that the Board's offer based on adding one step and eliminating two tracks from the salary schedule is an attempt to change already agreed on concepts. The Board, for whatever reasons, agreed to a ten step - five track salary schedule in 1969 apparently for a two year period. If the Board wants the ability to engage in long ranged financial planning that a longer duration contract provides, then it should be willing to live with concepts that it agreed to in the fall of 1969. This is particularly true when apparently one of the reasons why the Board reached this agreement was because of the pressures of a strike. It is this schedule structure which if applying the strike criteria one could predict would result again if there had been a strike this year. This follows because it was the result of the fall 1969 strike.

The history of bargaining and strike criteria are two way streets. The 1969-70 schedule was based on a percentage structure designed to give even increases in the increment steps. The Teachers now wish to change this. They have suggested a five percent increase in the increments both horizontally and vertically. The percentage structure of the 1969-70 salary schedule is set forth in Appendix A attached hereto. The Teachers were willing to agree to this structure in 1969. Just as the Fact Finder believes that the Board was prepared or should have been prepared when it entered into a two year contract to maintain the ten step - five track salary schedule, there is no economic reason why the basic percentage structure of the salary schedule as agreed to by the Teachers in 1969 in light of their strike and in light of other pressures should be changed. The only thing the reopener does is to permit a review of the salaries based on current economic conditions so that they may be, if necessary, adjusted numerically as contrasted to changing the salary schedule structure.

In summary, the Fact Finder is going to maintain the integrity of the two year contract. For this reason he will recommend that for the 1970-71 school year, the same ten step - five track schedule using the same percentage structure (Appendix A) as arrived at in the fall of 1969 be adopted.

Applying the comparison, ability to pay and strike criteria, the Fact Finder believes that the recommended salary schedule for the 1970-71 school year should begin with a BA minimum at the beginning step of \$7,775. Thus, the Fact Finder would take the \$7,775 figure and apply it to the increment percentages as set forth in Appendix B. This would result in a BA maximum of \$11,450, a MA base of \$8,329 and a MA maximum of \$12,300. The Fact Finder would round the figures off to the nearest dollar except on the tenth step where it would be rounded off to the nearest \$50. The Fact Finder therefore recommends the adoption of the \$7,775 figure at the BA base and the salary schedule set forth in Appendix B attached to this Opinion which is \$7,775 interpose on last year's salary schedule structure in accordance with Appendix A.

The idea of making comparisons with comparable similarly situated school districts is to attempt to ascertain what the market place is willing to pay for Teachers. Certainly, a school district, wherever it is situated, must be willing to pay the current market place salary.

One of the problems, and this was a problem in the negotiations between the Teachers and the Board in Lake Fenton, is to ascertain what are the comparables. The Teachers desired to make comparisons with a number of school districts in Genesee County suggesting that comparisons with districts within Genesee County would be fair. There is one serious difficulty with such comparisons because the economic wealth of the Genesee districts differs widely. This is because the existence of industrial plants in some districts gives such districts a higher property valuation tax base than the normal residential district.

The only practicable comparisons to Lake Fenton are with the immediate surrounding districts which are similar in nature, namely, districts that do not have an industrial base, but are residential communities. The comparisons then would be with Linden, Fenton and to some extent with Holly.

The idea behind comparisons with these three districts is to determine what these districts are willing to pay for Teachers. They do have settled contracts. Fenton, last year had a strike, and as a result of the strike the District and the Teachers entered into a two year contract. The Fenton contract gives some idea of what the results would be if there was a strike in Lake Fenton this current year. Linden, for two years straight went through Fact Finding. Apparently, for the 1970-71 school year, they arrived at a contract without Fact Finding. Linden, Fenton and Lake Fenton have similar tax bases and similar millages. There is no reason therefor why Lake Fenton should not be compared with these districts and pay Teachers a salary comparable with the Linden-Fenton salaries.

What follows is a three year comparison between Linden, Fenton, Lake Fenton and for the last two years, Holly. This comparison includes the recommendations of the Fact Finder.

B. A. BASE

1968-69		1969-70		1970-71	
Linden	6600	Linden	7250	Linden	7800
Lake Fenton	6600	Fenton	7200	Lake Fenton	7775
Fenton	6500	Lake Fenton	7200	Fenton	7700
		Holly	7100	Holly	7700

B. A. MAXIMUM

1968-69		1969-70		1970-71	
Lake Fenton	10000	Fenton	10864	Holly	11800
Fenton	9806	Linden	10733	Fenton	11617
Linden	9389	Lake Fenton	10600	Linden	11546
		Holly	10300	Lake Fenton	11450

M. A. BASE

1968-69		1969-70		1970-71	
Fenton	7150	Fenton	7800	Lake Fenton	8328
Linden	7100	Linden	7750	Holly	8300
Lake Fenton	7000	Lake Fenton	7713	Fenton	8300
		Holly	7600	Linden	8300

M. A. MAXIMUM

1968-69		1969-70		1970-71	
Fenton	10788	Fenton	11769	Holly	13500
Lake Fenton	10102	Linden	11471	Fenton	12522
Linden	10102	Lake Fenton	11400	Lake Fenton	12300
		Holly	12100	Linden	12284

Normally, in making comparisons, the samples are between the BA base, the BA maximum, the MA base and the MA maximum. Observe what the above comparisons show. Last year, Lake Fenton paid a BA base the same as Fenton did but \$50 below Linden. The year previously, Lake Fenton and Linden paid the same amount but Fenton paid \$100 less. Based upon the Fact Finder's recommendations, Lake Fenton is still \$25.00 below Linden but above Fenton and Holly. It is not unusual for Lake Fenton to pay more than Holly at the BA base because this was true in 1969-70. The Board may ask why should Lake Fenton pay more at the BA base than Fenton. The answer is simple. The important thing is, to maintain the integrity of the salary structure. If something less than a base of \$7,775 was recommended, there would be inequities at the upper limits of the salary schedule and would destroy the set schedule as constructed by the parties in their 1969 negotiations.

At the BA maximum, Lake Fenton in 1969-70 was \$264 less than Fenton and \$133 less than Linden. The previous year (1968-69) Lake Fenton was higher than both Fenton and Linden. The recommended \$11,450 for the 1970-71 school year would place Fenton in the same relative position with Fenton and Linden as it was with those two districts in 1969-70. The only difference would be that the gap between Linden and Fenton at the BA maximum has been narrowed. In other words, whereas, in 1969-70, the Linden, Lake Fenton gap was \$133, it is now \$96. Whereas in 1969-70, the Fenton, Lake Fenton gap was \$264, it has now been narrowed to \$233. It is true that Holly has jumped ahead of Lake Fenton as compared to 1969-70. This will also be true in the MA maximums. The reason for the jump in Holly is not clear but it is substantially more than what Linden and Fenton are paying. Furthermore, the percentage increase

between 1969-70 and 1970-71 at the BA maximum in Fenton was 6% and in Linden, 7%. The recommendations here in Lake Fenton are 8%. The jump in Holly was 14%. In other words, the recommendations herein percentage-wise are aligned with the percentage increases in the comparable districts.

The MA base will show that Lake Fenton has made some improvement and is actually \$28 ahead of Linden, whereas, in 1969-70, Lake Fenton was some \$37.00 below Linden. This MA base comparison shows Lake Fenton's 1970-71 MA base pay at \$28 more than Fenton. But the reason for this difference is because of the adherence to the salary schedule structure. Exact comparisons cannot be made. But what the MA base comparisons do show is that the Lake Fenton recommendations are within the market place.

By virtue of the recommendation at the MA maximum, Lake Fenton Teachers' position has improved. The 1969-70 gap between Lake Fenton and Fenton is being closed. Lake Fenton actually is \$20 more than Linden, whereas the previous year, Lake Fenton was \$71 less than Linden. But it is called to the reader's attention that in 1968-69, Lake Fenton was actually ahead of Linden. As already noted, Holly made substantial improvement between 1969-70 and 1970-71 at the MA maximum. But the Holly improvements are not consistent with the results in the two other districts, Linden and Fenton.

Another way of approaching the comparisons is to note the changes in the BA base among the varying districts. Holly, between 1969-70 and 1970-71 increased its BA base by \$600, whereas, Fenton increased \$500 and Linden - \$550. Therefore, an increase

of \$575 as recommended by this Fact Finder is within the market place. Anyway one analyzes the comparables, it is clear that the recommendations are within the market place. The Teachers, of course, will argue that they should make some improvements. The recommendations do make improvements consistent with the District's ability to pay.

Ability to pay is an important criteria particularly from the point of view of the Board. There is little question that the District does have financial problems including a cash flow problem.

In 1968-69, the District had a current operating surplus of \$9,000. In 1969-70, the District had a current operating deficit of \$80,851 which is a dramatic turn about from the previous year.

The Board is aware of this deficit and has taken steps to be very careful in its budget. An interesting illustration of this is that the Lake Fenton School District probably spends less on administration than a vast number of school districts in Michigan. It has eliminated the business-manager position in the interest of economy in making more funds available.

There are some problems in analyzing the Board's figures. The Board has been as candid as possible. It now has a new superintendent who came on the job in the midst of negotiations. He has done his best through the chief negotiator for the Board in making figures available but he is operating in a district which he still must familiarize himself with. He is operating without the aid of a financial officer. Under these circumstances, there is

no question in the Fact Finder's mind that as long as the Teachers get a competitive wage, they should give the superintendent an opportunity during the current school year to attempt to restore its financial health. This is important both to the citizens of the District and to the Teachers, because without long range sound financial planning, there will be problems in the future as to economic demands that may be made by the Teachers.

The opportunity to give the Superintendent a chance to completely analyze the finances of the District during the current year has tempered the recommendations of the Fact Finder after the Fact Finder has convinced himself that the recommendations are competitive.

It is true that the recommendations add about \$23,000 more cost over and above the Board's last offer. However, the Board does have the ability to pay.

The Board anticipates expenditures for the 1970-71 school year of \$1,320,335. It anticipates revenue of \$1,478,803. Based upon this, the Board will have a current operating surplus (not considering this recommendation) of \$150,468. However, the Board argues that there should also be added to anticipated expenditures \$185,851 representing a note of \$105,000 that is due by June 10, 1971 and the \$80,851 deficit.

In response the Teachers in a memorandum to the Fact Finder wrote:

"The 1960-70 deficit of \$80,851 and the Note date 7/14/70 of \$105,000 should not both be listed as liabilities. They took out the new note to pay off the old one so one is gone.

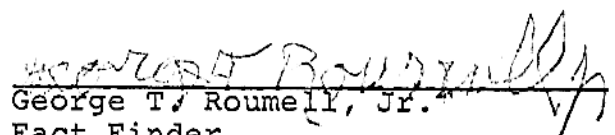
There is no question that a liability has been listed twice in the anticipated expenditures. It does, however, indicate that the Board will have to pay an additional \$105,000 to pay off the note. This leaves a surplus of approximately \$45,000. The recommendations would add approximately \$23,000 to the anticipated expenditures. If this follows, there still would be approximately a \$22,000 surplus. The Teachers may ask why the Fact Finder is willing to permit the Board to operate with an apparent surplus. The reason is that the budget here is far from exact. To begin with, preparing budgets is not exact science. Furthermore as already indicated, the Board and its new administration must familiarize itself with the actual cost of operating the District. This Fact Finder is willing to give them some leadway during the current year to do this so that they can better plan for next year's negotiations and also to engage in long term financial planning for the District.

Even if the Fact Finder is incorrect in accepting the Teacher's argument about listing deficit twice, the Board still has the General Fund Equity in excess of \$25,000 upon which it can draw. Although the Board was in current deficit financing last year, it is not in general deficit financing because it still has a positive General Fund equity. In addition, certainly \$23,000 can be made available by re-allocation elsewhere in the budget and careful planning.

After all, the recommendations are within the market place and should be provided for.

Current bargaining history criteria can be used to settle the substitute pay issue. As already noted, both the Board and the Association agree that the per high school period substitute pay should be raised from \$5 to \$6. Bargaining history thus settles the period rate, to-wit: \$6. The only issue is dispute is whether or not the per period substitute pay should also be extended to include elementary teachers. The key to this resolution is the word "discriminate". The elementary school teachers are being discriminated against, namely, being treated differently than the secondary teachers. There is no reason why there should be such different treatment. Therefore, the Fact Finder is recommending that the substitute pay be \$6 per high school period and should be extended to the elementary teachers. But it should be recognized that this amount may have to be pro-rated as the elementary school period may be a slightly shorter period. As the Fact Finder understood it, the Association recognized that there would be such a proration.

In the final analysis, Fact Finding is a substitute for a strike in the public sector. Last year, there was a strike in the Lake Fenton School District. The parties arrived at a contract that set the pattern of their salary scale. They followed the pattern that was comparable with the nearby school districts of Linden and Fenton. The recommendations herein are comparable with those school districts. There is no reason why the Teachers should not accept this Report and its Recommendations as they are getting a comparable competitive salary. Likewise, there is no reason why the Board should not accept this Report and Recommendations because all they are being asked to do is pay a competitive salary and there is every indication that the Board does in fact have the ability to pay or can make funds by budgetary adjustments available to pay these salaries.


George T. Roumell, Jr.
Fact Finder

Dated: October 31, 1970

APPENDIX A
SCHEDULE A
1969 - 1970

	BA - 3%	BA+15 - 4%	MA - 3%	MA+15 - 4%	E.D.S.P.
Base	\$7,200	\$7,416	\$7,713	\$7,944	\$8,262
2.	3.0%	3.0%	3.0%	3.0%	3.0%
3.	3.0	3.0	3.0	3.0	3.0
4.	3.5	3.5	3.5	3.5	3.5
5.	4.0	4.0	4.0	4.0	4.0
6.	4.0	4.0	4.0	4.0	4.0
7.	4.0	4.0	4.0	4.0	4.0
8.	4.0	4.0	4.0	4.0	4.0
9.	6.0	6.0	6.0	6.0	6.0
*10.	8.2	8.4	8.5	8.6	8.3

*Step 10 is rounded off to the nearest \$50.00

APPENDIX B

	BA	BA+15	MA	MA+15	ED. SPEC
1	\$7,775.00	\$8,008.00	\$8,328.00	\$8,578.00	\$8,922.00
2	8,008.00	8,249.00	8,578.00	8,836.00	9,189.00
3	8,249.00	8,496.00	8,836.00	9,100.00	9,465.00
4	8,537.00	8,793.00	9,145.00	9,417.00	9,796.00
5	8,879.00	9,145.00	9,511.00	9,795.00	10,188.00
6	9,234.00	9,511.00	9,891.00	10,187.00	10,596.00
7	9,603.00	9,891.00	10,287.00	10,595.00	11,019.00
8	9,987.00	10,287.00	10,698.00	11,018.00	11,460.00
9	10,587.00	10,904.00	11,340.00	11,680.00	12,148.00
10	11,450.00	11,800.00	12,300.00	12,700.00	13,150.00