

1424

Commission Copy 12/1/71 FF
RECEIVED
DEC 7 - 1971
MICHIGAN STATE UNIVERSITY
LABOR AND INDUSTRIAL
RELATIONS DIVISION

259

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

STATE OF MICHIGAN
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the matter of:

MEMPHIS COMMUNITY SCHOOL

-and-

MEMPHIS EDUCATION ASSOCIATION

Report of Fact Finder
and Recommendations

before

Kenneth Grinstead
Fact Finder

DATED: December 1, 1971

Memphis Community School

Report of Fact Finder
and Recommendations

Appearances:

For the Board of Education

Robert J. Phillips, Superintendent
Edward Fursteneau, President, Board of Education
Ferris Smith, Trustee
Robert Fisher, Trustee
Keith Burrows, Trustee
Audra Sawyer, Secretary, Board of Education
Rodney Fleischman, Treasurer, Board of Education

For the Memphis Education Association

Donald Giese, Executive Director, Memphis Education
Association
Dan Bell, President, Memphis Education Association
Allie Barnes, Teacher
Richard Delekto, Teacher
Berdean Suprenant, Teacher

DATED: December 1, 1971

On November 2, 1971, 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 October 5, 1971 by the Memphis Education Association (hereinafter Association) and supplemented with a statement setting forth the areas of disagreement.

The Hearing was held on Saturday, November 20, 1971 in the Memphis High School Library, Memphis, Michigan.

Master Agreement

The parties are currently operating under a three-year agreement. Article XVIII, thereof, entitled "Duration of Agreement," reads as follows:

This Agreement shall be effective as of the 1st day of September, 1970 and shall continue in effect for three (3) years until the 30th day of June, 1973. This Agreement shall not be extended orally and it is expressly understood that it shall expire on the date indicated.

Article IV, Section A of the Agreement, entitled "Professional Compensation" provides:

A. The salaries of teachers covered by this Agreement are set forth in Schedule "A" which is attached to and incorporated in during the three (3) year term of this Agreement, provided, however, that upon written notice to the other party at least sixty (60) days prior to the first day of May of every year of this Agreement, either party may request the reopening of negotiations of such

salary schedule. At this time items not covered by this Agreement may be added to its provisions provided it does not conflict with the spirit of this Agreement.

The application for fact finding set forth the issues in dispute as (1) layoff, (2) binding arbitration of grievances, (3) due process for probationary teachers, (4) assigned duties after school, (5) supervision of student teachers and interns, (6) payment of club sponsors, and (7) salary. The parties stipulated during the Hearing they were in agreement that all of the issues set forth in the "application" were negotiable items under Article IV, Section A and therefore properly presented for fact finding.

I. Issue: Lay-off Procedures for Reduction in Professional Staff.

Many school districts in Michigan have adopted procedures for reduction of staff which occurs when a school board decides that it will be necessary to reduce the number of teachers because of a lack of need for their services or when positions must be abolished because of financial reasons. The Association contended that confusion resulted because of a lack of criteria for staff reduction and for assigning teachers to remaining positions when the Memphis Board of Education laid off 22 teachers prior to the opening of the 1971-72 school year. They argued that had definite guidelines been in existence uncertainty and anxiety accompanying the lay-off would have been reduced. The Association acknowledged that the Board did follow a fair and equitable procedure and, in general, complied with the procedure they now

propose be adopted as part of the master agreement. The Board agrees with the concept of a negotiated lay-off procedure and with the final draft of the Association's proposal, except for minor changes in wording. These changes were discussed briefly during the Hearing and the parties were in close agreement on the language. The procedure for reduction of staff recommended for approval of the parties is included in the appendix. The recommended lay-off procedure is nearly identical to the procedure presented by the teachers at the Hearing and modified slightly to correct minor errors and omissions pointed out by both parties.

II. Issue: Binding Arbitration for Grievances.

During early bargaining sessions the Association had requested the Board to agree to binding arbitration as the fifth and last step in the grievance procedure. Under the present procedure the Board of Education has sole and final authority to determine whether the master agreement has been fairly and properly applied by their administrators.

It is true, as the Association argues, that over 300 Michigan school boards have agreed to binding arbitration as the last step of the grievance procedure. Many of these school districts are near Memphis and are in Macomb and St. Clair counties.

The Board of Education rejected arbitration because of the potential cost involved and the inability of the district to cope with the expense at this time. Additionally, the Board declined to agree to the proposal because grievances

filed by teachers in the past have been settled satisfactorily at lower levels. The Association agreed that the present grievance procedure has worked but that at least two grievances now in process are more serious than those resolved in the past and that binding arbitration was therefore desirable.

Recommendation: The Fact Finder recommends that binding arbitration as a final step in the grievance procedure not be adopted for the following reasons. First, the Board of Education has been placed in a nearly untenable financial situation resulting from a loss of revenue from 13 mills. Consequently the Board has been forced to curtail programs, reduce staff, shift personnel and undertake major program revisions in a very short period of time in order to provide an educational program for the children in the Memphis district. It appears to the Fact Finder that the Board ought to have reasonable flexibility this year to meet this difficult task. To subject the Superintendent and Board to the possibility of an arbitrator interpreting their decisions would introduce an unneeded and unwelcome restriction during the current school year. The Fact Finder has endorsed binding arbitration, as have many school boards and teacher organizations, but for the Memphis school district at this time the concept would impose a burden on the Board of Education which it does not deserve, particularly in light of its past history to resolve grievances.

Second, the master agreement was adopted for a three-year period and included a grievance procedure which did not

provide for binding arbitration. It must be assumed that had both sides negotiated the present agreement with the understanding that its interpretation and application would be subject to the accepted grievance machinery. The Fact Finder believes it would be unrealistic to now propose that the entire previously negotiated agreement be subject to binding third party arbitration.

Third, the Board is correct when it states that its present financial dilemma prohibits its ability to pay the costs of binding arbitration.

Fourth, the Fact Finder was impressed by the evidence presented which showed the present grievance procedure has worked, as acknowledged by the Association. He is convinced, as demonstrated by their demeanor during the Hearing, that the Board and Superintendent will make every effort to process grievances under the present procedure in a honest, fair, forthright, and expeditious manner.

Fifth, in spite of their inability to resolve their differences at the bargaining table this year, the Board and the Association appear to hold each other in mutual respect and the Fact Finder is confident that differences regarding the interpretation and application of the Master Agreement this year can be resolved under present contract provisions.

III. Issue: Due Process for Probationary Teachers

The Association has proposed that non-tenure teachers have access to all grievance procedures in case of non-renewal

of contracts. The Board feels proper allowance for full due process procedure is provided in the Tenure for Teachers Act, CL 1948, Par. 38.71 et seq. The Association agrees that its proposal has not been precipitated by previous Board action and that the Board has handled nonreemployment of probationary teachers in a fair and equitable manner.

Article XI, Section C entitled "Teacher Evaluation" provides:

C. No teacher shall be disciplined, reprimanded, reduced in rank or compensation, or deprived of any professional advantage without just cause. Cases of this kind shall be subject to the professional grievance procedure hereinafter set forth.

The above quoted section does not include the term "nonrenewal" and neither party during the Hearing asserted that the wording in Article XI, Section C implied that nonrenewal was subject to the professional grievance procedure. Indeed, the Association makes such an acknowledgement by its very request to make the nonrenewal subject to the grievance procedure.

Article XI, Section E provides that a teacher evaluation procedure shall be established by a joint committee of teachers, administrators and the Board, and the procedure is to be reevaluated each fall. In the absence of criticisms of the evaluation procedure, the Fact Finder assumes it is adequate and appropriate or is now being reevaluated for possible improvement as provided by the Master Agreement.

A probationary teacher must be properly notified that (1) his work is unsatisfactory (Munro v. Elk Rapids Schools

385 Mich 618 (1971) and (2) he will not be reemployed, at least sixty days prior to the close of the school year. No provision in the Tenure for Teachers' Act requires a school board to provide a hearing or afford due process in cases of nonrenewal. A number of cases have been heard in the Federal Courts on the question of whether a nontenured teacher's constitutional rights have been violated when, without being given any reason, hearing or other procedural due process rights, he is not reemployed. Decisions emanating from the Federal District and Appeals Courts are split. The Supreme Court has not decided the question, but recently granted certiorari in a case in the field (Sinderman v. Perry, 430 F 2d 939; ceriorari granted 403 U.S. 917).

Recommendation: The Fact Finder recommends the following procedure be adopted by the Board and the Association for non-reemployment of probationary teachers.

1. The Board shall review the evaluations of all probationary teachers, together with any appended written statements of the teachers' views about their evaluations at its first regular meeting in March.
2. Each probationary teacher shall be notified in writing within ten days following its regular March meeting as to whether the Board believes the teacher's work is satisfactory or unsatisfactory. If the work has been deemed unsatisfactory, the written notice shall state the specific reasons for the Board's decision and/or state the teacher's deficiencies.

3. The Board shall provide any probationary teacher upon request, the opportunity to appear at an executive session of the Board (closed to public) held prior to its regular April meeting and respond to the evaluation report and the Board's decision of unsatisfactory work. The teacher may be represented by the Association and/or by counsel at the executive session.
4. The Board shall, at its first regular meeting in April, review its earlier statement of unsatisfactory work and make a final decision regarding the probationary teacher's work and reemployment and notify the teacher according to law.

IV. Issue: Assigned Duties After School

The Association proposed that no teacher shall be required to accept assigned duties outside of the regular school day. Examples of such duties would include the selling of or taking tickets at athletic events, supervising after-school activities such as school sponsored dances for students, and supervising students on bus trips. The Board expressed no firm objection to this proposal. It did reject an earlier proposal of the Association, but later withdrawn, that the Board pay teachers for such supervision.

Recommendation: The following proposal is recommended for assignment of after-school duties:

No teacher shall be required to fulfill an after-school work assignment. The Board of Education may accept, without

payment, volunteer, after-school supervisory assistance from teachers, parents, or other responsible adults.

V. Issue: Supervision of Student Teachers and Interns.

The Memphis School District, in association with Oakland University, the St. Clair County Intermediate Schools, and several school districts, participates in a federally funded project under the title "Rural-Urban Teacher Corps." Under this program four graduate students spend three full days and two part days each week in the Memphis schools receiving teacher training. Two Memphis teachers supervise the four student interns. The Memphis School District receives no compensation from any source for participating in the training program. However, the interns may be used, without cost to the district, as substitute teachers for their supervising teacher only if he or she is absent. The University coordinator is permitted to spend a maximum of \$50.00 per intern to purchase instructional materials for teaching projects carried out by the intern.

The teachers receive no compensation for their intern supervisory services from either school district funds or from project monies. The teachers do receive from project funds some special training during the summer for which tuition is paid, some summer remuneration, and reimbursement for travel expenses. The specific sums, etc. were not presented at the Hearing. The Association requests that the supervisors of the interns be paid a sum of money from school district monies for supervising the interns.

Recommendation: The Fact Finder recommends that the Association withdraw their request for compensation for supervising interns. The Board does receive some indirect financial benefits from participation in this program; so do the teachers. Given the financial condition of the district, the Board would be making a serious mistake if it diverted funds to support a teacher training program. Tax monies raised to provide an educational program for Memphis children ought to be used for that purpose and no other. The supervising teachers should be complimented for accepting a professional responsibility and should be rewarded for it. But the money should not be taken from the Memphis budget this year.

VI. Issue: Payment for Club Sponsors.

The Association proposed that the advisor to the Student Council and the supervisor of the Debate Club should be compensated at a rate of two percent of their annual salary. The Superintendent reported that no teachers were assigned either of these duties this year and thus no issue existed. (The Debate Club is non-existent and the Principal serves as advisor of the Student Council.)

Provision is made in the master agreement for compensating "Extra Curricular Assignments" for 24 different extra duty positions. All of these positions were abolished by the Board when it adopted its current austerity program.

Recommendation: The Fact Finder recommends that the Association withdraw this proposal and renew it in bargaining when the Board reestablishes extra-duty assignments.

VII. Issue: Salary

Financial Problems of Memphis School District

During the 1970-71 school year, the Memphis Board of Education provided a fairly complete program in kindergarten through the 12th grade. The tax levy for current operations in 1971 was 26.75 mills on a total state equalized valuation of \$10,262,197. In early 1971, as a result of reevaluation, the state equalized valuation of property in the district was increased to \$14,161,204 or an increase of nearly 40 percent.

On March 29, the Board conducted a millage election requesting renewal of 13 mills. The vote was negative and subsequent elections held in June and August requesting approval of 13 mills renewal for operation also failed.

The present millage levy for operation for the Memphis school district is 13.75 mills and will raise for the district about \$185,000 or nearly \$80,000 less than the district received from local property taxes in 1970-71.

Following the August millage defeat, the Memphis Board announced a delayed opening of school in order to request permission of the State Department of Education to reduce the school day to four hours, to request permission of the Legislature to conduct another millage election, and to develop a balanced budget. The State Department required the Board to hold school for 180 days and for five hours per day, and, after a meeting with area legislators, the special election request was discarded.

The Board considered deficit financing. (Deficit financing has been practiced in the district and the Board

reported in its budget message that it has an \$80,000 note outstanding.) However, the Attorney General, on September 23, 1971 issued Opinion No. 4673 which clearly states that a board of education is prohibited from (1) knowingly adopting a budget in which proposed expenditures exceed funds on hand and reasonably estimated anticipated revenues, including borrowed money to the extent the funds borrowed in anticipation of either property taxes or state aid revenues to be received in the fiscal year in which such borrowing occurs, and (2) operating at a deficit.

The 1971-72 budget adopted by the Board is balanced and no borrowing is contemplated. To achieve a balanced budget the Board has severely curtailed its program and eliminated all extra-curricular activities. Class sizes were increased and twenty teachers were laid-off.

Teachers Salaries

The Board has offered the 1970-71 teacher's salary schedule as its 1971-72 schedule proposal. Because of the Federal pay freeze, the teachers are now receiving the same salaries as received during 1970-71. (See Appendix) The Board reported at the Hearing that its 1971-72 salary offer to the teachers contemplated annual increment increases for those teacher eligible, when and if, permitted by the wage freeze guidelines. The Board proposed that after the increments have been added, no further salary increases could be offered because of very limited anticipated revenues. The Association presented past and current salary and financial data for ten

neighboring school districts. Because of the unique financial situation in Memphis the Fact Finder found it impractical to utilize the data. The recommendations included in this report have been developed to allow the teachers maximum opportunity, within the existing severe financial limitation imposed on the Memphis Board, to achieve the maximum allowable salary increase under Federal pay guidelines.

Budget

The Fact Finder has examined the Memphis School District Budget for 1971-72 and accepts it as prudent and reasonable. Extremely limited opportunities are available to serve as a basis for suggesting budget adjustments in order to provide even a small amount of money for increases in teachers' salaries beyond the increments offered by the Board.

However, one very limited opportunity exists which could provide for increases in salaries this school year for the Memphis teachers.

In the preface of the Memphis School Board Budget for 1971-72 is the following statement:

Budgeting in advance is difficult at best. There are many factors that can cause some weakness, some of which there is no way of foreseeing. This budget has been prepared with the information that was available at the time of its preparation and completion on October 1, 1971.

Most school administrators and/or school boards seldom predict revenues exactly. Administrators may unconsciously underestimate revenues and overestimate expenditures. Therefore, it may be possible that late in the fiscal year (about

June 1, 1972), after revenues and expenditures are actually known, the budget could be amended to provide more money for teachers salaries if money is available. This money would become available only if revenues exceed estimated revenues and/or ^{actual} estimated expenditures are below estimated expenditures.

Recommendation: The Fact Finder recommends to the Board and the Association the adoption of a "contingent salary schedule" for 1971-72 utilizing the 1970-71 salary schedule index ratios and a 5.5 percent "across the board" increase. The recommendation for the "contingent schedule" includes, in addition to the 5.5 percent increase, allowance for the regular increment. (See Stabalization Program Guideline No. 48 dated November 16, 1971, included in the appendix for basis of Fact Finder's recommendation.) The Board should agree that it will, if possible, pay the "contingent schedule" or part of it, from monies available from 1971-72 revenues. However, until June 1, teacher's pay checks will be based upon the 1970-71 schedule with increments. If monies cannot be made available on June 1, 1972 to pay out the Fact Finder's recommendations, the 1970-71 schedule with already promised increments will remain in effect and no additional monies will be owed to the teachers.

Implementation of Recommendation

To implement the Fact Finder's recommendation, a neutral person who is an expert in school finance and budgeting should be appointed to serve as "budget monitor" and advise and assist the parties. Such a person could be Robert Hornburger

or Robert McKerr of the Department of Administrative Services of the State Department of Education (Telephone 517-373-3345) or the Department's designee. Either party may request assistance from the "budget monitor" to implement the Fact Finder's recommendation and interpret the budget and its administration. Further, the Board, each month, should provide the Association with copies of its monthly financial statements, properly reconciled. If the Board anticipates that it will exceed any budget allocation it shall consult the "budget monitor," request his opinion, and inform the Association. The Association may request opinions of the "budget monitor" at any time about any question it has regarding the administration of the budget.

The appointment of a "budget monitor" from the staff of the State Department of Education is recommended because that agency has the expertise to assist, has an obligation to supervise districts with severe financial problems, and has been closely involved with the development of the current Memphis budget.

On or about June 1, 1972, the representatives of the Board and Association shall meet with the "monitor" to review the general fund revenue and expenditure accounts balance and the sum that, in his opinion, can be made available by amending the budget to "pay out" all or part of the Fact Finder's recommended "contingent schedule." If no monies are available, no pay out shall be made. If some monies are available but the sum is insufficient to pay out the schedule

in full, the budget shall be amended to allow for a partial "pay out" on a pro rata basis. If enough money is available, the budget shall be amended to make the pay out in full. The "pay out" amount for each teacher shall be determined as if the schedule had been in effect the entire school year, subject to limitations and reductions imposed by Federal pay guidelines. The Association shall assist the Superintendent in computing each teacher's pay if the "contingent salary schedule" can be met partially or in full.

It is further recommended that the Board of Education make no attempt to reduce its outstanding debt of \$80,000 from 1971-72 revenues. Further, it is recommended that the entire general fund balance existing on July 1, 1971 be committed to the 1971-72 budget.

Kenneth Armitage
Dec. 1, 1971

APPENDIX

Salary Schedule

Necessary Reduction of Personnel
Lay Off Procedure

Stabilization Program Guidelines No. 48
November 16, 1971

SALARY SCHEDULE

1970-71

I. Credit for Experience:

- A. A maximum of five years outside credit for previous experience will be allowed to new teachers hired into the system.
- B. Teachers with the maximum allowance will begin on the sixth step.

II. Base Schedule

B.A.			B.A. +12		B.A. +24	
Step	Index	Salary	Index	Salary	Index	Salary
1.	1.00	7,500	1.025	7,687.50	1.05	7,875
2.	1.05	7,875	1.075	8,062.50	1.10	8,250
3.	1.11	8,325	1.135	8,512.50	1.16	8,700
4.	1.17	8,775	1.195	8,962.50	1.23	9,225
5.	1.23	9,225	1.255	9,412.50	1.29	9,675
6.	1.28	9,600	1.305	9,787.50	1.34	10,050
7.	1.33	9,975	1.355	10,162.50	1.39	10,425
8.	1.38	10,350	1.405	10,537.50	1.43	10,725
9.	1.44	10,800	1.456	10,920.00	1.49	11,175
10.	1.50	11,250	1.525	11,437.50	1.55	11,625

M.A.		
Step	Index	Salary
1.	1.075	8,062.50
2.	1.125	8,437.50
3.	1.185	8,887.50
4.	1.255	9,412.50
5.	1.315	9,862.50
6.	1.365	10,237.50
7.	1.42	10,650.00
8.	1.48	11,100.00
9.	1.54	11,550.00
10.	1.60	12,000.00

Non-Certified Index		
Step	Index	Salary
1.	.80	6,000
2.	.85	6,375
3.	.90	6,750
4.	.95	7,125
5.	1.00	7,500

NECESSARY REDUCTION OF PERSONNEL
LAY OFF PROCEDURE

- A. This agreement shall be binding upon the Board and its successor personnel and upon the school district into which or with which this district shall be merged.
- B. In the event that this district shall be combined with one or more districts, the Board will use its best efforts to assure the continued recognition of the association and the continued employment of its members in such consolidated district.
- C. No teacher shall be discharged or laid off pursuant to a necessary reduction in personnel unless there is substantial decrease in the revenues of the school district (or substantial increase in costs in relationship to a stabilized revenue level.)
- D. No teacher shall be discharged or laid off pursuant to a necessary reduction in personnel for any school year or portion thereof unless said teacher shall have been notified of said discharge or lay-off at least sixty (60) days prior to the last teaching day of the previous school year. No teacher shall be discharged or laid off for any school year or portion thereof if said teacher shall have contracted on an individual basis, to teach for said year or portion thereof.
- E. In the event that a reduction of personnel, as here-to-fore defined, shall be necessary, the Board shall implement the following procedures:
 - 1. Three seniority lists will be prepared (at a reasonable time following ratification of this Agreement), one for elementary, one for secondary and one for special education ranking all teachers in the order of their date of beginning employment in the district as full time teachers. In the circumstances of more than one individual in either elementary, secondary or special education, beginning employment on the same date, all individuals so affected will participate in a drawing, by lot, to determine position on the seniority lists. Seniority will continue to accumulate when teachers are on military leaves. All seniority is lost if there is a severance of employment and a break in service.
 - 2. In the event of a reduction in personnel in a particular department in the secondary, or in a grade in the elementary or in a special service in special

education, the individuals with the least seniority in the system must accept reassignment where qualified, to any vacancies that may exist in their respective divisions (i.e. elementary, secondary, or special education). At the time such a reduction is implemented teachers may not voluntarily shift from one list to another.

3. Transfers between lists at other times can occur. The teacher shall be placed at the bottom of the list of all teachers whose seniority date is the same as that of the transferring teacher.
 4. Upon the return of a teacher from a leave of absence, during which seniority is not accumulated, the teacher shall be placed at the top of the list of all teachers whose seniority date is the same as the new seniority date of the returning teacher.
- F. In the event of a reduction in personnel in the elementary division in excess of vacancies available in that division, the following procedure will be followed:
1. Staff requirements for all elementary schools in the district will be listed, by building.
 2. Beginning with the first name on the seniority list, each individual will be slotted into assignments, matching his current grade and building assignment, and special qualifications when applicable (art, music) where possible, until the staff requirements are met. When his current assignment is not available, personal preference will be honored in reassigning limited only by the vacancies at that time.
 3. Individuals not slotted into assignments will be laid off to be recalled in seniority order as required, or as the need permits.
- G. In the event of a reduction in personnel in the secondary division in excess of vacancies available in that division, the following procedure will be followed:
1. Staff requirements for all secondary schools in the district will be listed, by building and department.
 2. Beginning with the first name on the seniority list, each of the remaining individuals will be slotted into assignments, matching his current building and department assignment and special qualifications when applicable, where possible.
 3. Secondary teachers shall be assigned on the basis of meeting certification requirements as determined by an examination of college transcripts, based on the Major or Minor fields as determined by their college transcripts.

4. Teachers holding Elementary certificates, and teaching in the middle school or junior high school, shall upon assuming such assignment, review their transcripts with the Superintendent or his designee to determine equivalent majors and minors which shall be used henceforth in establishing their qualifications for assignment.
 5. If no vacancy remains in his department in any building, he will be assigned to another department, in which he is qualified in his building. When a choice of department is possible at this point, the teacher being reassigned will have his choice.
 6. If no vacancy remains in any department in which he is qualified, in any building, and the teacher holds an Elementary Certificate, he will be transferred to the elementary seniority list, being placed on that list at the bottom of the list of all teachers whose seniority date is the same as that of the transferring teacher.
 7. Individuals not slotted into assignments nor transferred to elementary list where applicable, will be laid off, to be replaced in seniority order as requirements permit.
- H. The Board and the Association shall meet before the implementation of the lay-off procedure to verify the seniority lists, and available teaching positions. Subsequent to this meeting all teachers will be notified in writing of reassignment to their present position options, of other available assignments, should the present assignment not be available. Copies will be forwarded to the Association.

Stabilization Program Guidelines No. 48
November 16, 1971

Permitted Wage Increases

- Q. What pay adjustments are affected by the new 5.5% general wage and salary standards?
- A. The initial 5.5% general wage and salary standard applies to labor agreements entered into, on and after November 14, 1971. It also applies to other pay adjustment decisions made after that date whether or not reflected in a formal agreement.
- Q. What about wage increases under existing contracts and pay practices?
- A. Pay adjustments under contracts and pay practices existing prior to November 14, 1971, are allowed to go into effect. However, they are subject to review by the Pay Board when challenged to determine whether any increase is unreasonably inconsistent with criteria established by the Board. The employer may continue to pay the increased wage or salary until such time as a determination of the challenge is made by the Pay Board.

Pay adjustments in the building and construction trades, regardless of when agreed upon, must be prenotified to and approved by the Construction Industry Stabilization Committee under criteria established by the Board.

- Q. Are any employees excluded from the wage and salary standards?
- A. Federal employees and employees paid at less than the federal minimum wage standard, currently \$1.60, are excluded from the application of the wage and salary standards.
- Q. Does the 5.5% standard apply to each individual?
- A. No. It will apply to the average increase granted in an appropriate employee unit.
- Q. What is meant by appropriate employee unit?
- A. The appropriate employee unit for the measurement of changes in wage and salary levels is a group composed of employees in a bargaining unit or recognized employee

categories in a plant or other establishment, or in a department thereof, or in a company, or in an industry, as best adapted to preserve contractual or historical relationships.

- Q. Are longevity increases counted as part of the 5.5% standard?
- A. Longevity increases and automatic progression within a rate range are allowed to go into effect after November 13 according to the terms of plans, agreements, or established practices in existence prior to November 14, 1971, without regard to the 5.5% general wage standard.
- Q. Are smaller employers required to get Pay Board approval before putting wage and salary increases into effect?
- A. Pay adjustments involving less than 1,000 employees do not require prenotification or reporting of a wage or salary increase. However, the employer must adhere to the 5.5% general wage and salary standard in granting increases.

Pay adjustments in the building and construction trades, regardless of the number of employees affected, must be prenotified to and approved by the Construction Industry Stabilization Committee.

4.0865