

STATE OF MICHIGAN
DEPARTMENT OF LABOR
LABOR MEDIATION BOARD

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SEP 25 1968
LABOR MEDIATION BOARD
LABOR RELATION DIV.

MORENCI EDUCATION ASSOCIATION,

Petitioner,

and

Fact Finding Under
Section 25, LMA

BOARD OF EDUCATION OF THE
MORENCI AREA SCHOOLS,

Respondent.

James Kusty 9-23-68 /

FACT FINDING REPORT

Pursuant to a Petition for Fact Finding filed by Morenci Education Association, Petitioner herein, dated August 22, 1968, a fact finding hearing was held, by agreement of the parties, the evening of September 10, 1968, between the hours of 6:30 p.m. to 12 midnight before the undersigned Fact Finder. The Respondent Board duly filed its response, dated August 29, 1968, to the Petition for Fact Finding. Both parties made a presentation of their respective positions in regard to the issues in dispute, and during the course of the evening the parties recessed a couple of times in an unsuccessful effort to mutually resolve the issues without the aid of the Michigan Labor Mediation Board.

This report will combine throughout the Fact Finder's findings of fact, conclusions upon all material issues presented at the hearing, and recommendations with respect to said issues, along with the reasons and basis thereof, pursuant to Rule 35 of the said Labor Mediation Board. The findings made herein are

Morenci Area Schools; Board of Education of the

based solely on the evidence presented by the parties at the hearing without objection, and upon the post hearing summary which was filed by the Respondent Board with the undersigned with service on the Petitioner. The Petitioner decided that it would rely on the evidence presented at the hearing.

The Issues Involved:

The parties are entering the third year of a three year collective bargaining agreement, which expires on June 30, 1969. By its terms the agreement was reopened for re-negotiation of the salary schedule for the 1968-1969 school year. The instant contract is the first collective bargaining agreement between the parties. The sole issue, therefore, presented by the Petition for Fact Finding is the salary schedule and certain small increases in the extra curricular salary schedule.

The parties are in agreement that the contract shall contain two salary schedules, one for a B.A. degree and a second schedule for those holding a M.A. degree. It is also agreed that the base rate for a B.A. degree will be \$6,200, an increase of \$500 over the base rate for the previous year, and in regard to the M.A. schedule the parties agree to a base rate of \$6,700, an increase of \$700 over the base rate for last year's M.A. schedule. The parties are further in agreement that there shall be ten steps over the base rate in the B.A. schedule and eleven steps beyond the base rate for the M.A. schedule. The only disagreement between the parties as to the aforesaid schedules relates to the amount of the annual increments or steps. The Petitioner is seeking an annual increment factor of \$225 per step, whereas the Board is offering an annual increment increase of \$200.

The issues in regard to the extra curricular schedule are much less defined. The Petitioner is seeking increases in approximately nine extra curricular positions out of approximately 30 listed on the extra curricular schedule proposed by the employer, covering such positions as athletic director, band director, senior advisor, etc. In addition, Petitioner is requesting that four additional extra curricular assignments be added to the salary schedule which are listed as follows with the amount requested by Petitioner in parentheses: freshman advisor (\$100); counselor (\$500); junior high school advisor (\$75); and Future Farmers of America advisor (\$200). The Board is adamant in regard to its proposed figures for the extra curricular schedule, and in addition questions the propriety of the Petitioner adding additional positions to the schedule, especially in view of the fact that such positions were allegedly proposed by Petitioner for the first time at the Fact Finding hearing. The Board further questions Petitioner's allegations in its Petition for Fact Finding that a contract had been reached by the negotiating teams of the parties but was subsequently rejected by the Board. A resolution of this question is not necessary nor helpful to a resolution of the issues in the instant proceeding, and the Fact Finder will not comment on it further.

Petitioner's Position:

Petitioner submitted a number of exhibits tending to show the poor standing of Respondent Board in relation to surrounding school districts in regard to the payment of salaries. Without going into a detailed analysis of each of the school districts cited by Petitioner, it is apparent that the Respondent herein

would be among the lower paid districts in regard to both minimum and maximum salaries, with a few exceptions, even if Petitioner's requested salary schedule is granted in full. The Respondent Board did not attempt to dispute the position of Petitioner in regard to the Board's salary schedule being near the bottom in comparison to other districts. Petitioner maintains that despite the fact that Respondent's maximum is below the average maximum in its county, and despite the fact that its maximum is very low in comparison to the average maximum outside the county, the district has the ability to pay its requested salary scale. In other words, Petitioner points out that the Respondent is not and cannot plead poverty in regard to Petitioner's demands and that a settlement based upon its requested increment of \$225 per step is economically possible and will still leave the district in the "economic basement" in comparison with other districts similar in size and student population. Petitioner also points out that where certain surrounding districts have a slightly lower minimum or maximum salary scale, there are fringe benefits that change the picture somewhat and distinguish these districts from Respondent's, which allegedly does not provide such benefits.

Petitioner points out that Respondent has many teachers at the top of the salary schedule and, therefore, a substantial loss is incurred to its membership by reason of the lower maximums insisted upon by Respondent in the salary schedules. Petitioner also points out that the voted millage above the allocated millage in Respondent's district is very unrealistic in that it is only four mills, whereas the State average is allegedly almost 15 mills, and Petitioner argues that it should not be asked to subsidize the district at the expense of adequate teacher salaries.

Balanced against the Respondent's unrealistic low millage, according to Petitioner, is its unrealistically high "general fund equity". While there is some disagreement between the parties as to what constitutes the "general fund equity", it is clear that the fund referred to is the amount of money remaining in Respondent's treasury at the end of the school fiscal year on June 30, which funds are used to hold the school district in the black until anticipated tax revenues or advances on revenues are received. Petitioner cites the fact that the "general fund equity" of Respondent was allegedly \$108,219 at the end of the 1967-1968 fiscal year. Petitioner takes the position that the general fund equity of Respondent school district is unusually high in comparison to many other school districts which operate on a much lower balance.

Respondent's Position:

Respondent takes the position that until about two years ago its average teachers' salary was approximately in the middle of its scale on a State wide average, although it admits that it may have dropped down somewhat from that position in the last two years. It also notes that its allocated millage was reduced by the county in the last year from 8.5 to 8.2 mills, and that the valuation in back of each child is more important than the amount of millage. In regard to the millage picture the voters passed a 9 mill levy one year ago for a building fund. This year in an election held in June the Board attempted to have a 2 1/2 mill levy that was expiring renewed plus add an additional 2 1/2 mills. This five mill proposal was defeated by the voters. Subsequently, in August, the Board proposed two packages, the 2 1/2 mill re-

newal and the 2 1/2 additional mills, and the voters passed the renewal millage but rejected the additional millage. It is not disputed that Respondent's millage level is among the lowest, if not the lowest, in the area, but Respondent asserts that the State median for voted millage is 8.39, rather than approaching the 15 mill figure alleged by Petitioner.

Respondent also presented a summary of its proposed expenditures for the coming year, dated September 10, 1968, in which it pointed out that it expects a deficit for the coming year of approximately \$82,000. Respondent indicated that some of this deficit will have to be paid out of the general fund equity, which is not included in its budget summary. In regard to the general fund equity Respondent merely took the position that it was faced with declining revenues and an inflationary period, and that it did not agree with Petitioner's definition of what constituted the general fund equity and its appropriate use. Respondent contends that its actual "operating cash balance" at the end of the fiscal year is less than the so-called equity figure, and that this money is needed to operate during the period prior to the time tax money comes in February.

Respondent admits that its anticipated deficit budget has to be an educated estimate because the amount of state aid and other funds are not definitely known, nor is the salary schedule settled. Respondent points out that its operating cash balances at the end of the fiscal year are lower than that presented by the Petitioner and that such balance on July 1, 1968 was \$83,615. While Respondent does not plead poverty in the instant case, it does point to the unsettled nature of its budget in regard to a possible

deficit for the coming year and notes the responsibility it has to operate without deficit financing and with a balanced budget. Respondent also notes that if Petitioner's salary schedule is adopted some teachers would be receiving an increase of approximately \$1,525, not counting any increase in extra curricular duties. In regard to the extra curricular items Respondent stands on its last offer and contends that it is not obligated to add any additional categories of extra curricular duties over and above the duties that are enumerated in the existing contract schedule.

Analysis and Conclusions:

After some degree of difficulty, the parties were able to determine at the hearing that they are approximately \$10,000 apart in regard to the cost of Petitioner's proposed package, including the extra curricular package, as against the Board's proposed package. The \$10,000 figure is only approximate but is reasonably accurate, except for the possibility that more than one teacher would be necessary to fill certain extra curricular positions, rather than one teacher as computed in the aforesaid figures. However, it appears that the amounts paid for such extra teachers would be sufficiently small as to not unreasonably distort the \$10,000 figure, since the amount in dispute for the nine positions presently on the schedule only averages approximately \$90.

Respondent's contention in regard to the necessity for an adequate and reasonable operating fund balance is not without merit, and this Fact Finder does not subscribe to the view that its mere existence justifies its use exclusively for teachers' salaries. The undersigned has recently upheld the position of a

school board in regard to refusing to completely dissipate its operating cash balance in his report in regard to the Wayland Education Association Fact Finding proceeding. On the other hand, a Fact Finder cannot ignore in these cases the general level of teachers' salaries in the given factual situation. Further, I do not subscribe to Respondent's argument that the teachers are receiving an excessive wage increase, since such a contention must be balanced against the wage level at which the Morenci teachers are at the time of the increase. In the instant case it is clear that the Morenci teachers are among the lowest paid in the area, if not in the State.

Respondent's contention in regard to its possible deficit financing raises more serious problems, but such problems appear to be endemic to our present school financing picture in the State of Michigan. While it would give Respondent Board a sense of security to not have to tap its operating cash balance in order to meet the demands of the Petitioner, it is necessary for the parties to realistically consider the wage level of the Morenci teachers and to decide whether or not the equities preponderate in their favor as against the maintenance of a comfortable and adequate operating cash balance. Not only must the parties and the Fact Finder balance such equities, but eventually such problems caused by inadequate financing must be faced by the voters of the school district. In the meantime it is the Board's responsibility to decide on priorities as to the funds that are available, and whether the teachers or the operating cash balance should take preference. In this case the undersigned is convinced that the cash balance should suffer rather than the teachers.

The Fact Finder concludes that the equities in the instant case preponderate in favor of granting the teachers the \$225 step increase they have requested. The low level of teachers' salaries in Respondent's district coupled with its ability this year to grant the amount requested by the Petitioner leads the Fact Finder to this conclusion. Certainly this is only a temporary solution and may aggravate the financial picture next year, but the Fact Finder concludes that the equities at this time demand such a recommendation.

The extra curricular schedule issues present more serious problems in resolution. In the first place, the extra items added by the Petitioner to the schedule present an issue of contract interpretation in my opinion which would be better left to the grievance procedure under the contract. The Fact Finder does not consider it to be his function to determine whether the intention of the parties in a wage reopener situation was to permit the addition of other items of extra curricular pay. Accordingly, I will make no findings or recommendations in regard to the extra items requested by Petitioner to be added to the extra curricular schedule.

In regard to the nine extra curricular positions on the schedule that Petitioner seeks increases over the Board's proposed figures, the Fact Finder has no facts before him in regard to the specific positions which would aid in making any finding or recommendations as to whether a particular position deserves a higher rate or not. The main thrust of the hearing involved the step increase issue, and it appears that the Petitioner is relying on the fact that Respondent can afford additional money for these

extra curricular increases. While it is clear to the Fact Finder that Respondent can afford increases in the extra curricular schedule, I do not feel that I am in a position to adequately make a factual recommendation as to whether such increases should be granted in this case. The amounts involved are minuscule, ranging from \$50 to \$300, and there was some indication by the parties that a tentative agreement as to an increase had been made in regard to at least the athletic director position. The Fact Finder recommends that the parties follow any such tentative agreements and as to any other positions in dispute urges the parties to attempt to resolve any outstanding issues themselves. It was clear to the Fact Finder that the parties had not completely bargained regarding the extra curricular schedule, and the Fact Finder is unable on the record presented to justify any particular recommendation in regard thereto, except as noted above.

Therefore, the Fact Finder makes the following recommendation based upon the aforesaid discussion:

The 1968-1969 salary schedule between the Morenci Education Association and the Morenci Area Schools should include a step increment of \$225 for both the B.A. and M.A. schedules agreed upon between the parties.

Respectfully submitted this 23rd day of September, 1968 at
Detroit, Michigan.

James P. Kurtz, Appointed Fact Finder
Michigan Labor Mediation Board
1124 Guardian Building
Detroit, Michigan 48226
Telephone: (313) 961-8900