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MORENCI BOARD OF EDUCATION
and
MORENCI EDUCATION ASSOCIATION

Case No L77 G571
Michigan Employment Relations Commission

Shirley Schummer

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RELATIONS LIBRARY

*Morenci
Board
of
Education*

Pursuant to Section 25, of Act 176 of the Public Acts of 1939, as amended, and the Michigan Employment Relations Commission Regulations a Fact Finding Hearing was conducted by Fact Finder, Shirley T. Schwimmer, in case No. L77 G571, Morenci Board of Education and the Morenci Education Association..

The Fact Finding Hearing was held on March 7, 1978 at the Morenci Board of Education Building, 500 Page Street, Morenci, Lenawee County, State of Michigan, starting at 11:00 a.m. and concluding at 5:20 p.m.

The Morenci Board of Education was represented by the Mr. Joe D. Mosier of the Law Offices of Thurn, Matsch & Nordberg, 900 Stoddard Building, Lansing, Michigan 48933 and Mr. Neal V. Singles, Superintendent of the Morenci School District, or Morenci, Michigan. The Morenci Education Association was represented by Mr. Duane Winter, Executive Director, Lenawee County Education Association and Michigan Education Association of 227 N. Winter Street, Suite 309, Adrian, Michigan 49221, and Mr. Tom Buehrer, President of the Morenci Education Association. Also present at the Fact Finding Hearing were: Mr. R. A. Dicceon, President of the Morenci School Board, and Mr. Louis M. Speed, and Mr. Rex Riley, members of the Morenci School Board. Mr. ~~Doyle~~ Rodenbeck, and Mr. David McKelvy, Ms. Melanie Hodges, and Ms. Charlotte Riss of the Morenci Education Association.

The Record consists of the testimony of the witnesses, Mr. Doyle Rodenbeck, Mr. Tom Buehrer and Mr. Neal Singles, and the arguments presented by Mr. Winter and Mr. Mosier, as well as the 88 Exhibits plus letter of correction of Exhibit 23 and the certified copy of the results of the Special Millage Election held on April 3, 1978.

The 1976-78 Profession Agreement between the Morenci Education and the Morenci Board of Education provides a reopener clause for wages and fringe benefits for the 1977-78 school year.

Bargaining between the parties began on May 12, 1977. When bargaining began the School District had a Negative Fund Equity of \$80,000, for the 1975-76 school year. The School Board had submitted a balanced budget for the 1976-77 school year with a Fund Equity of \$16,000. The Board did not wish to bargain until the Audit Report arrived from Lansing for the year 1976-77. The Audit Report which arrived on August 1, 1977 showed instead of the projected Fund Equity of \$16,000, a Negative Fund Equity of \$108,000.

Bargaining continued between the parties.

The Board proposed a complete freeze on wages including increments for the 1977-78 school year. The Board would be willing to bargain on the 1978-79 salary schedule if the millage scheduled for April 3, 1978 was successful.

The last proposal offered by the Morenci Education Association was on October 11, 1977:

All staff to move two steps in the increment scale for 1978-79. The Health Insurance will be MESSA Super Med 2 full family no cap.

The 24% increase of cost over the 1977-78 costs included;

Salary Appendix B

Retirement

Insurance

Extra Duties Appendix B1

The last proposal offered by the Morenci Board of Education was:

Salary schedule to be bargained after successful millage election.

Health Insurance; not to name the insurance carrier in the contract.

Paragraph E of current Contract to be changed to the following:

	PRESENT CONTRACT	PROPOSED CHANGE
Self	\$32.02	\$42.84
Self and spouse	71.40	93.58
Self & children	71.40	93.58
Full Family	78.52	105.50

No progress was being made in negotiations. The Morenci Education Association requested Mediation. Mediation with Mr. George Rickey did not resolve the impasse and the Morenci Education Association filed for Fact Finding.

Union Position

Morenci teachers have been bargaining the economic reopener for 1977-78 since May 12, 1977. The process has been difficult due to the initial delay in waiting for the Audit Report in August and the fact the district has ended the last two years with a negative fund equity. In trying to accommodate the financial pressure the district is under, the teachers were willing to forego a raise this 1977-78 year provided an agreement could be reached for 1978-79. The 1978-79 agreement would have to reflect a make-up of economic benefits if the teachers were to waive those benefits in 1977-78.

The Morenci Board of Education adopted a balanced budget for 1975-76. However, it ended the year (JUNE 1976) with a deficit of (\$82,875) General Fund Equity.

The 1976-77 budget was proposed and adopted to reduce the adjusted deficit of (\$80,343) to a positive balance of \$16,156. Instead of ending-up with a positive fund equity of \$16,156 the district ended up \$108,390 in debt. The 1976-77 debt represented 8% of Current Operating Expenditures and Morenci was the only district in Lenawee County with a deficit for 1976-77. Morenci also ranked with the lowest fund equity in Lenawee County in 1975-76 at -7% of current operating expenditures.

Once more the Association asks management what control techniques were used in executing the 1976-77 budget? How did management miss their budgetary goal of +\$16,000 and end up at -\$108,000? The difference of \$24,000 is difficult to understand, considering the district was fully aware that they entered the year with an \$80,000 deficit for the prior year.

The district in the years 1971-72 to 1974-75 was not in deficit equity,; however, in 1974-75 the district had a positive fund equity of only \$22,224, which was a signal that an adjustment of increasing revenues or decreasing expenditures was in order for 1975-76.

With two consecutive years of negative equity 1975-76 and 1976-77, the management of the district is opening the Morenci Schools to a possible heavy penalty of the withholding of state aid by the State.

The negative fund equities of Morenci over the last few years may be compared to districts in the state of like size who average a positive fund equity of 11% of their expenditures.

The district has faced two millage defeats in June and August 1977. The amount of the millage was for only 0.75 and the fraction of a mill was earmarked for equipment and textbooks. At the time this decision was made by the board, the auditor's report showing the \$108,000 deficit for the 1976-77 had not been received.

The Board approved a 1977-78 budget which had to be at the intermediate district office by October 15, 1977. That budget reduced the \$108,390 negative fund equity to a -\$9,595.50 still not out of the red.

The Auditor's report came out the first of August, bargaining with the teachers was still at impasse with the Board maintaining that funds were not available.

The Board has a responsibility to the public of the school district in accordance with state law, which prohibits deficit budgeting. The Association must question both the Board and administration as to how they can avoid the responsibility set forth in law and subject the district to possible penalty by operating the district in a deficit for three straight years.

Morenci ranks 8th out of 12 in the amount operating mills levied in 1976-77. Morenci's 24.5 operating mills may be compared to the 1977-78 effective statewide average of 28.6 mills. Currently, although there is an increase of \$82,940 or 7.1% more state aid and property tax revenue for 1977-78 the increase is not substantial enough to erase the \$108,000 deficit. Projecting to 1978-79 under the Governor's proposal for state aid, the district would only receive an increase of \$115,434, 9.3% and that only if the student membership remains the same.

The teachers have to a degree subsidized the cost of education for Morenci's school children. Of the 12 school districts in Lenawee County in 1975-76 Morenci ranked 6 in BA MIN and BA Max, and MA MIN and 9 in MA MIN. In 1976-77 it ranked 11 in BA MIN, 5th in BA MAX, 12 MA MIN and 7 MA MAX.

Morenci absolute zero gain shows once more how much further behind the teachers are falling. The management decisions of the past several years are reflected in the widening gap between Morenci teachers and their colleagues in the county. Morenci does not have a longevity beyond the successive steps of the salary schedules which adds to the distance between their district and others in the county.

Employer cost increases for teacher contracts for 1977-78 in Lenawee County have averaged out to 8.2% and must be made up in the 1978-79 if Morenci teachers are to accept no increase for 1977-78.

A profile of Morenci shows that it is near the midpoint of the districts in the following areas: 1. SEV/Pupil, 2. Operating millage, 3. Total Millage, 4. Classroom pupil teacher ration, and BA MIN. Morenci ranks in the lower third for MA MAX, Average MA increment, Ration MA MAN to BA MIN and Average Salary for 1975-76.

A Health Insurance Summary of Lenawee County of the 14 Associations, including Lenawee Intermediate and Vocational Tech, 8 have MESSA SM², 8 have Full Family no Cap and 7 have options in lieu of health insurance; Britton option is only for annutities. The Association proposal is for MESSA SM² Full Family no cap.

The Consumer Price Indices for Detroit and U.S. for 1977 thru September show increases over one year, shows that the teachers purchasing power has decreased. The tax impact over the cost of living for comfortable income budget jumped 73%, middle income budget jumped 63% and least comfortable budget jumped 39% for the year 1976.

The only was Morenci teachers are going to accept the 1976-77 economic contract as terms for the 1977-78 is if an agreement can be negotiated for 1978-79. The agreement must follow the guidelines reflected in MEA of a 24% total increase cost is computed on the following 1976-77 expenditures:

Salary \$681,000

Retirement \$36,000

Extra duties \$16,800

Health insurance \$40,000

Total: \$773,8000 X 24% increase = \$185,712 needed in 1978-79 to pay for adjustments in 1977-78 economic conditions and the 1978-79 contract.

The district has ended the last and is scheduled this year with a negative fund equity. The impact of those decisions to deficit finance have adversely affected teachers. Teachers have been willing to waive any increase this year provided an adjustment could be worked out for 1978-79.

Board of Education of Morenci Schools Position

Morenci Area School District is one of the smallest school systems in Lenawee and Hillsdale Counties. It is a conservative rural community with most of its land being used for agriculture. Morenci Board has consistently offered its teachers the best contract possible within the limitations of the district's financial structure.

The Morenci Area School District is not a wealth district. The current State Equalized Valuation ranks Morenci 12 out of the 20 school districts in Lenawee and Hillsdale Counties. The current operational millage places Morenci in 13 place out of 20 schools.

The minimum and maximum of the salary schedule have risen steadily in the last 5 years. It is the position of the Morenci Board of Education that while reasonable increases for the staff over the years are desirable, such increases can only be made within the available finances of the district. This year 1977-78 it is financially impossible for the district to increase salaries.

On June 30, 1976, the Morenci District was indebted in the amount of \$80,000. Even with this debt in mind the Board continued to negotiate in good faith and in December a successor agreement was signed which gave the teaching staff an overall settlement of 5.87% over the previous years costs. The minimum steps did not receive much of an increase, however, the increase they did receive was due to the efforts of the Board's negotiating team.

It was the intent of the Board that a portion of the debt would be paid off by June 30, 1977 without making drastic reductions.

When the final audit was known, instead of paying off a portion of the deficit the district fell another \$28,000 in debt making a total of \$108,000.

The deficit for the Morenci Schools was due to several reasons, during 1975-76 and 1976-77: An increase in teachers salaries and fringes. Loss of 22 students from anticipate count which caused a loss of revenue. Reduction in State Aid as a result of Governor's proposal. Unanticipated increase in insurance costs for non-certified employees. Revenue not adequate to meet expected expenditures. Rubber Plant fire reduced valuation by \$140,000. Excessive utility costs. Less revenue support than anticipated from Vocational Education, Reading Support, Transportation. New Accounting Procedures by including athletics, and ammortization of buses. Seneca Township wrote off some taxes as uncollectable.

Many of these expenses were unexpected and with a fund equity of only \$22,000 it did not take long for the district to be in a deficit.

To comply with section 102 of 1977 State Aid Act, this district must pay off its original debt by June 30, 1978 or possibly lose State Aid funds.

It is necessary at this time for the Board of Education to re-examine its entire position and to make decisions based on the poor financial status of the district.

In June and again in August, 1977, the voters of the district defeated a request for additional millage. This request was for needed supplies and equipment. At a Special Public Board Meeting held August 15, 1977 the Morenci Board of Education made

several reductions in expenditures. It was decided that the moneys saved from these reductions, and any unspent money in the budget would be used to reduce the deficit.

It was quite obvious to the citizens of our community as well as most of the employees of the Morenci Area Schools that there would be no salary increases for 1977-78. At a Special Meeting of the Board of August 29, 1977 the Superintendent of schools signed his contract with no increase. Within two weeks after that all three principals signed their contracts without salary increase. At the September 12, 1977 meeting of the Board of Education, the custodial contract was approved with no increase in wages for the 1977-78 school year. All other groups such as cooks, bus drivers, aides, secretaries, agreed to work the 1977-78 year with no increase in salary. None of these groups were happy with this situation but realized the financial crisis of the district. All groups have agreed to this one year moratorium on wages with the exception of the Education Association. It was not until October 11, 1977 negotiation session that the Association recognized that there could be no salary increases for this school year. However, at this time, they included a second year package that was so high (29%) that the Board had no choice but to refuse. This package was approximately 2% higher than the Association's original proposal.

The Morenci Area School District is not wealthy. Our fund equity has never been adequate to handle any more than the most essential emergencies, and the deficit incurred in the last two years is more than any of the year's fund equity. In addition the borrowing of this district has continued to rise over the same period of time. We have been permitted to borrow in the past but if most of the deficit is not paid off by June 30, 1978 we would lose the privilege of borrowing.

The Morenci Board of Education is not in a position to enter into a two year agreement until they are sure the funds are available. On December 31, 1977 all special voted millage of the district expired. The only millage available to the district at this time for the operation is 8.5 allocated. A millage election is being planned for April 3, 1978 at which time the voters will be asked for the renewal of the 15 mills plus an additional 2 mills.

Even with all of the financial problems of the district the Board of Education continued to make efforts at resolving the contract. After the fourth Friday count it was learned that the district had 10 more students than planned in the budget. As a result, the Board offered to improve the insurance program with a better policy. Further the Board agreed to meet within 7 days after a successful millage election to determine the salaries for the 1978-79 school year. We further stipulated that if the question of salary increases was not resolved within 4 meetings, both sides would immediately ask for mediation. This became the basis of our last offer in medication.

Comparability is often used as an argument and because there are so many variables it is difficult to make an equitable comparison. The law of supply and demand affect teacher salaries as well as the prices of other labor services. Last year the Morenci Area Schools had 5 openings on the professional teaching staff. During that same time we have received approximately 300 letters of inquiry and requests for applications.,

It is impossible for our teachers to be the highest paid in this area and at the same time, the Board does not feel our teachers should be at the bottom of the list. We have said this several times at the negotiating table. Even without granting a salary increase

for this year the teachers in the Morenci Area Schools are still competitive with schools our size in Lenawee and Hillsdale Counties on both the BA and MA schedule. They exceed two school districts south of Morenci in Ohio.

Over the last four years the beginning step has not increased as much as the maximum and much of this increase is due to the efforts of the Board of Education. It is obvious the emphasis has been placed at the top of the schedule. On the current schedule 65% of the staff have attained step 5 or above on the salary schedule, while 37% of our total staff are at the top of the schedule.

In the contract settlement for the 1976-77 25% of the teaching staff received an increase in salary in excess of \$900. Approximately 90% of that group received \$1000 or more. These figures are for salary only, no fringes are included. Over the last two years, our staff salaries have increased from a low of \$400 to a high of \$1312. This is for an individual staff member and again was for salary only. Therefore, we are of the opinion that even without an increase for this year, the teachers of the Morenci Area Schools up to this time, have been treated equitably.

Under the provisions of the current Master Agreement, the Board has agreed to cover the insurance costs for a 12 month period and any increase during that time will also be covered. Any increase after that time is subject to negotiations. However, the Board of Education Voluntarily paid the increase in premiums even though this was not concluded at the bargaining table. This is further proof that the Board of Education is attempting to do the best that their financial resources will permit.

The district's basic position, simply stated is that the Morenci Board of Education can make no offer of increased salary or fringes for the 1977-78 school year. Further, until the Board can be assured of adequate funds being available, we cannot sensibly discuss a second year of the contract. In the financial crisis the Morenci Schools find themselves, the Board, cannot spend monies they do not have. The Board cannot enter into a deficit budget, which is illegal, or make further program cuts, which could be educationally unsound. If the millage fails and an increase were granted to the staff, further cuts would be necessary which at this time of the school year would be difficult to make.

For the last two years, the Morenci Area Schools have had a balanced budget, but a combination of events have caused these budgets to become badly unbalanced. As indicated our current budget could be in trouble before the end of the year if many other unforeseen and unplanned problems happen. As we look to next year it is anticipated that the budget will be adequate to meet our needs. However, mechanical problems and similar situations play an important role in how adequate that budget really is. Therefore, we must build a surplus to handle these unforeseen circumstances.

The Board is of the opinion that if the Fact Finder fairly considers the facts and circumstances, that surround the Board's position, that the Fact Finder must conclude that Board has made the best offer possible at this time. Further as the Fact Finder examines the past history of negotiations and contract settlements, it must be obvious that the Morenci Board of Education has made every effort to insure that our teachers receive an equitable salary settlement.

DISCUSSION

A jurisdictional issue has been raised by Mr. Moser, Attorney for the School Board. Mr. Mosier puts forth the claim that the reopener clause in the present 1976-78 Agreement on wages and fringe benefits relates only to the 1977-78 school year. No Fact Finding concerning the 1978-79 Agreement is possible until after the expiration of the 1976-78 Agreement in August, 1978.

There is no requirement that bargaining for salaries for 1978-79 must await the expiration of the present Agreement.

The evidence clearly shows the Association agreed to no increase for the 1977-78 school year in return for bargaining on the 1978-79 wages and fringe benefits.

Bargaining between the parties on the 1978-79 wages and fringes started in October 1977. Bargaining between the parties reached an impasse which mediation with Mr. George Rickey of Michigan Employment Relations Commission could not resolve. The Association then filed for Fact Finding.

The Fact Finder therefore has the authority to make Findings of Fact and Recommendations concerning the issues presented at the Fact Finding Hearing, the 1978-79 wages and fringe benefits.

In Any discussion concerning wages and fringe benefits, one of the leading issues is the financial condition of the school district.

Both parties are aware the State of Michigan requires the budget be balanced. An unbalanced budget could lead to a withholding of state aid.

Both parties agree the school district has a financial problem. They disagree on how the problem should be handled.

History of Fund Equity in Morenci

1973		\$39,321.52
1974		61,956.00
1975		22,224.00
1976		-(80,343.00)
1977		-(108,390.00)
1978	Projected	-(25,000.00)

The school district in 1974-75 had a fund equity of \$22,000. In 1975-76 the school district slipped into a negative fund equity of \$80,343. The school district presented what it thought was a balanced budget for the 1976-77 year. This budget included converting the negative fund equity of \$80,343 to a positive fund equity of \$16,000.

The Audit Report from Lansing received in August 1977 showed the negative fund equity had increased from \$80,000 to \$108,000.

Factors which contributed to this increased negative fund equity according to the School Board were:

- Increased instructional costs.
- Changes in state aid formula.
- Changes in bookkeeping procedures.
- Fall in valuation resulting in less taxes being collected.
- Unexpected expenses.
- A low fund equity of \$22,000 for the year 1974-75.

These factors all contributed to the present situation in which the school Board is faced with a negative fund equity of \$108,000.

The position of the Association has been that in 1976 when the Board learned it had a negative fund equity of \$80,000 the Board should have scheduled a millage vote for an increase in millage. When the Auditors report from Lansing in August 1977 showed a negative fund equity of \$108,000 the Board should have immediately called for an increase in millage to pay off the negative fund equity and have additional funds to run the school system.

The Board felt an additional millage would not be approved by the voters. Millage had been defeated in June 1977. In August 1977 the Board asked for 3/4 of a mill for books and equipment. Approval would have yielded \$20,3400 in taxes plus \$12,349 in additional state aid. The millage was defeated. The Board felt additional millage to pay off the negative fund equity and to increase salaries would be defeated.

Morenci had a special millage which expired on December 31, 1977. A special election was scheduled for April 3, 1978 for renewal of the 16 mills plus 2 additional mills. The millage was defeated. The vote was 307 in favor and 492 against renewal of the 16 mills and the additional 2 mills.

The defeat of millage in June and August 1977 and in April 1978 leads to the reasonable assumption that the voters of Morenci School District are not willing to increase millage to wipe out the negative fund equity and provide increased money to run the school system.

It was the contention of the Association that because no raises were granted and no increments were given for the 1977-78 year the wages and fringes must be made up in the 1978-79 school year.

The Association believes for 1978-79:

1. Teachers should move two steps on the increment scale.
2. A 24% increase of \$185,712 needed to pay for adjustments in 1977-78 economic conditions and the 1978-79 Agreement;

1976-77

Salary	\$681,000
Retirement	36,000
Extra duties	16,800
Health Insurance	40,000
Cost - total	<u>773,800</u>
	X 24%
	<u>\$185,712</u>

3. Health Insurance to be MESSA super Med²
Full Family, no cap

The School Board offer was; It would be willing to bargaining concerning 1978-79 salary and fringes after the successful passage of the millage.

Health Insurance Paragraph E remain the same except:

	1976-77	1978-79
Self only	\$ 32.02	\$ 42.84
Self & spouse	71.40	93.58
Self & children	71.40	93.58
Full Family	78.52	105.50

Previous to the above last offer by the Board there had been some discussion concerning an increase of 10% of total costs for salary and fringes for the 1978-79 school year.

	1976-77
Salary	\$681,000
Retirement	36,00
Extra duties	16,800
Health Insurance	40,000
Cost - Total	773,800
	X 10
	77,380

The position of the Association and of the Board were based on the belief the millage renewal plus the 2 additional mills would pass, and money would be available for catch up provisions.

The millage renewal of 16 mills, as well as the 2 additional mills has been defeated.

Considering the recent millage history of the school district I feel it is unlikely the 2 mill increase would be approved at a new millage election in the near future.

Morenci now has 8.5 mills plus state aid to operate the school system. Obviously the school system cannot be operated at that income level. No school district out of the 20 districts in Hillsdale and Lenawee Counties has less than 21.95 mills to finance the school system.

Hillsdale & Lenawee Counties Millage
1977-78

Adrian 29.0
Tecumseh 28.5
Madison 28.0
Sand Creek 27.0
Litchfield 26.95
Britton Macon 26
Blissfield 25.5
Deerfield 25.5
Clinton 25.22

Lenawee County Millage
1977-78

Adrian 29
Tecumseh 28.5
Madison 28
Sand Creek 27
Britton 26
Blissfield 25.5
Deerfield 25.5
Clinton 25.22
Morenci 24.5

Hillsdale & Lenawee Counties Millage
1977 78

Hillsdale 25.0
Jonesville 25.0
Reading 25.0
Morenci 24.5
Waldron 24.45
Hudson 24.
North Adams 23.95
Pittsford 23.95
Addison 23
Onstead 22
Camden Frontier 21.95

Lenawee County Millage
1977-78

Hudson 24.
Addison 23
Onstead 22

Morenci is one of the smaller districts in Lenawee and Hillsdale counties. It is a conservative farming community and is similar to Clinton, Reading and Sand Creek whose pupil population is about the same.

Being a farming community I am sure the people of Morenci are aware that one of the country's most important crops is it's young people. In order to bring these young people to maturity, just as with agricultural crops, it takes time, money and trained people. I do not believe the people of Morenci, whether they have children in school or not, are prepared to deprive their young people of an education.

The failure of the renewal of 16 mills leaving the schools with only 8.5 mills means a complete failure of the school system.

My assesment of what the financial situation will be in Morenci school district for 1978-79 is based on what I preceive are reasonable probabilities.

A new millage election will have to be held. The recent history of voting in millage elections and the present political climate indicates no additional millage will be approved, but I believe the people of Morenci, not wishing to see a complete failure of the school system will approve a renewal of the 16 mills.

Passage of the 16 mills renewal without additional millage is not my recommendation, but my realistic assesment of the financial situation for 1978-79.

I believe that the following monies will be available for the school year 1978-79

State aid and local revenue based on 24.5 mills	
projected pupil population remains at 1089	
Millage 24.5 mills x \$40	\$ 980
State aid per pupil	270
	<u>1250</u> per pupil
	X 1089 pupil
	\$1,361250.00

an increase of 9.3% for 1978-79 over 1977-78.

The salary position of Morenci teachers for 1977-78 has deteriorated as compared to other settled school districts as compared to Lenawee County or as compared to Lenawee and Hillsdale Counties.

Relative Standing of Morenci teachers' salaries with 11 other school districts in Lenawee County - Total of 12 school districts.

	1973-74	1974-75	1975-76	1976-77
BA Min	11	7	6	11
BA Max	6	7	6	5
MA Min	11	9	9	12
MA Max	7	9	6	7

Morenci as compared to the 9 settled school districts in Lenawee County for 1977-78.

Addison, Britton Macon and Onstead are unsettled for 1977-78

BA Min 9, BA Max 8, MA min 9, MA Max 8

Morenci as compared with school districts in Lenawee and Hillsdale Counties.

	1976-77	1977-78
BA Min	12 out of 20	12 out of 16
BA Max	8 out of 20	12 out of 16
MA Min	14 out of 20	16 out of 16
MA Max	10 out of 20	14 out of 16

The above figures show that from 1973-74 to 1976-77 the position of Morenci salaries as compared with eleven other Lenawee County salaries was always in the bottom range:

BA Min rose from 11 place to 6th place and then fell to 11th place
 BA Max fell from 6th place to 7 and then rose from 7 to 6 and then to 5th place.
 MA Min rose from 11th to 9th place and then fell to 12th place
 MA Max fell from 7 to 9th place rose to 6th place and then fell to 7th place.

For the year 1977-78 Morenci is at the bottom in 9th place in BA and MA MIN. and in next to last, 8th place in BA MAX and MA MAX.

The percent salary increase of Lenawee County School Districts which are settled for 1977-78 are:

	BA	MA
Blissfield	6.5	6.5
Hudson	6.1*	6.1*
Adrian	6.0	6.0
Sand Creek	6.0	6.0
Clinton	5.0	5.0
Tecumseh	3.4	3.4
Madison	2.6*	2.8*
Deerfield	2.3*	6.6*
Morenci	0	0

*average of variable rates of increases.

There can be no doubt the salary position of Morenci teacher as compared to other Lenawee County School Districts has deteriorated because the financial position of the Morenci School District has deteriorated compared to other Lenawee County School Districts.

In 1975-76, Hudson and Morenci had negative fund equities. In 1976-77 only Morenci had a negative fund equity of the 20 school districts in Hillsdate and Lenawee Counties.

Under these circumstances there can be true catch up by the teachers until Morenci has wiped out its negative fund equity. However the teachers of Morenci are entitled to a reasonable raise for the 1978-79 school year consistant with the ability of the district to pay the increase.

Previou bargaining had defined the increase as a total percent package based on the 1976-77 salaries and fringe benefits, no costs were submitted as to the increase for each catagory.

Salary	\$681,000.
Retirement	36,000.
Extra Duties	16,000.
Health Insurance	<u>40,000.</u>

\$773,800. X 24% increase = \$185,712.

The Union had originally asked for a 29% increase based on the 1976-77 amount of \$773,800., later reduced to 24% of \$773,800. The Union felt this would make up for the wage and increment freeze although it would not keep up with the rise in the cost of living.

The Board had offered a 10% increase based on the \$773,800., but had then withdrawn the offer in favor of bargaining after the millage vote.

The position of both the Union and Board were based on the belief the 16 mills renewal plus the additional 2 mills would be approved.

I have carefully reviewed and considered all the evidence (the testimony and the exhibits) and all of the arguments of the parties. Certain issues raised by the parties require very little discussion.

The composition and increase in the Consumer Price Index. A rise in the Consumer Price Index, even if it does not include increases in taxes affects everyone to one degree or another, and most people adversely. It affects the teacher and the parents of the school children and the voters in the Morenci school district.

The issue of longevity, the number of step increments is a subject for further bargaining between the parties in the future. The financial condition of the district precludes any increase at the present time in the number of step increments.

The future size of the fund equity that Morenci should maintain hopefully will be sufficient so as to preclude a slide back to a negative fund equity. It should be sufficient to fund unexpected expenses. In school districts having between 1,00 and 1,499 pupils, in the years 1971-72 thru 1974-75, fund equity as a percent of total general fund expenditures averaged between a low of 9.9% and a high of 12.1%..

Labor pool. The number of application received for a job opening does not, in and of itself tell us the number of qualified people willing to take the job. It is however an indication of how many applicants there are for each job opening in teaching and the this pool of available teachers does affect the salary scale.

Teachers salaries paid in Fayette and Evergreen districts in Ohio have not been considered.

After careful consideration of all the evidence and the arguments presented by the parties, my recommendation is for a 16% increase, which will include; Salary, Retirement, Extra Duties, and Health Insurance, based on 1976-77 salary and fringe benefits of \$773,800. This increase would be possible if the 16 mill renewal is approved, the Board is able to substantially reduce the negative fund equity and other changes in the budget.

Health insurance the Union wants MESSA², Full Family, No Cap. The Board offers; language in paragraph E remain the same but the figures modified.

Self only	\$42.84
Self and spouse	93.58
Self and Children	93.58
Full Family	105.50.

As to health insurance, I recommend the name of the health insurer not be included in the Agreement. I make no recommendation as to the kind of coverage to be included, sufficient evidence as to costs was not presented. The cost of the health insurance is included within the recommended 16% package.

FINDINGS OF FACT AND RECOMMENDATIONS

The Fact Finder has the authority to issue this Report.

The Association has agreed to a wage and increment freeze for the 1977-78 school year in return for bargaining for the 1978-79 school year.

Bargaining on wages and fringe benefits took place between the parties.

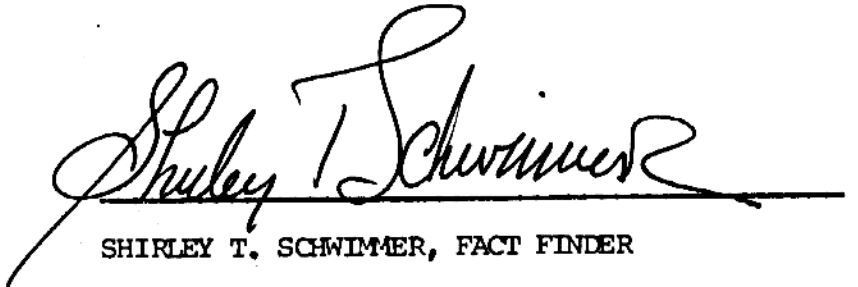
The school district has been in negative fund equity for the years 1975-76 and 1976-77 and is in danger of losing state aid.

Millage of 16 mill renewal and 2 additional mills has been defeated. The school district has only 8.5 mill for operation. No school district in Lenawee and Hillsdale Counties operated with less than 25.2 mills.

Recommend a new millage election.

Recommend an increase in salary and fringe benefits for the year 1978-79 be 16% of the package of \$773,800. This to include salary retirement, extra duties, and health insurance.

Recommend the name of the health insurer not be included in the Agreement



SHIRLEY T. SCHWIMMER, FACT FINDER

June 16, 1978