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11/26/86 FF

STATE OF MICHIGAN
DEPARTMENT OF LABOR
MICHIGAN EMPLOYMENT RELATIONS COMMISSION

In the Matter of the
Fact Finding Between:

MOUNT CLEMENS COMMUNITY SCHOOLS

-and-

MERC Fact Finding Case No.
E86 E-1157

MEA/NEA LOCAL 1

George T. Karmell /

FACT FINDER'S REPORT AND RECOMMENDATIONS

APPEARANCES:

FOR THE MOUNT CLEMENS COMMUNITY
SCHOOLS:

William G. Albertson, Attorney
James Drue, Superintendent
George Ann Ragle, Director of
Business Serv.
Chacella Newton, Secretary,
Board of Education
Joan Watts, Intern to Director
of Business
Pamela Naccarate, Deputy
Superintendent
Sherman Cottingham, Director
of Personnel

FOR MEA/NEA LOCAL 1:

John Melchor, MEA Uniserv Director
Jean Farago, MC Teacher
Karen Willsins, Mt. Clemens EA
President
Lynda Gustke, Mt. Clemens Teacher
James O'Brien, Mt. Clemens Educ.
Assn., Chief Neg.
Edward Sampson, Mt. Clemens
Teacher, Bargaining Team
Local 1

INTRODUCTION

Sometime in the spring of 1986, the Mount Clemens Community Schools and MEA/NEA Local 1, representing the Mount Clemens Education Association, the collective bargaining agent for the school district's professional teaching staff, commenced bargaining for a successive Collective Bargaining Agreement to the 1985-86 Agreement which apparently expired in August, 1986. The parties could not agree on wages. As a result, the teachers withheld services commencing September 2, 1986.

Mount Clemens Community Schools

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On September 12, 1986, the District applied for fact finding and also sought court intervention to resolve the strike or work stoppage. On September 17, 1985, the undersigned was appointed Fact Finder. On September 23, 1986, the Honorable Raymond R. Cashen, presided in the Circuit Court for the County of Macomb and signed a Consent Order that ended the work stoppage and provided for binding fact finding. The Order of the Court is attached hereto as Appendix A.

Paragraph 3 of the Order provided for the school district to implement a 4% salary increase over the 1985-86 wage rates, for members of the bargaining unit in the 1986-87 school year "effective the October 3, 1986 payroll". Paragraph 4 of the Consent Order sets forth the matters that are before this Fact Finder and reads in part:

4. Plaintiff and Defendant LOCAL 1 shall submit to fact finding the question of what amount of salary increase, if any, beyond the 4% put in place by this Order, shall be granted the teachers represented by the Defendant LOCAL 1. Any other issues within the extant Petition for fact finding shall also be submitted to the Fact Finder. Under no circumstances shall the Fact Finder's report reduce the salary increase below the 4% herein implemented or increase said salary increase by more than 6% of the rates pertaining during the 1985-86 school year.

In addition, Paragraph 4 also provides:

The decision of the Fact Finder relative to salary for the 1986-87 school year shall be binding upon the Plaintiff and Defendant MEA/NEA LOCAL 1. The decision of the Fact Finder relative to any other issue(s) shall have the legal effect provided pursuant to Section 24 of the Michigan Labor Relations and Mediation Act 1939 P.A. 1976, as amended, MCLA 423.25, MCL 17.454(27).

This fact finding, as to the issue of salary for the 1986-87 school year, is therefore binding upon the parties. Further, any other issues between the parties, subject to Section 24 of the Michigan Labor Relations and Mediation Act as amended, may be reviewed by the Fact Finder with his recommendations being advisory on those issues rather than binding. In this regard, the District has urged a second year determination for the proposed 1987-88 Collective Bargaining Agreement with an additional increase in wages and has urged the Fact Finder to make recommendations concerning same. The Association has argued against any recommendations for the 1987-88 school year.

CONDUCT OF THE HEARING

Based upon the Fact Finder's experience, he can without hesitation state that the presentation by the District's Chief Spokesperson, William G. Albertson and the Association's Chief Spokesperson, John Melchor, was among the best and most professional that he has ever had the pleasure of hearing. The exhibits were concise and directed to the point and were indeed most helpful in this complex situation. In assessing the results here, the officials of the Mount Clemens Community

Schools, the Association and its members and the public should be aware of this high degree of professionalism which enabled the Fact Finder to consider this most difficult bargaining-financial situation with the confidence that he had been presented all of the necessary facts to prepare an informed report.

THE CRITERIA

The function of the Fact Finder is to ascertain the facts and apply recognized criteria in making a recommendation as to a collective bargaining agreement that the parties should enter into. The criteria may vary from case to case for some recognized criteria may not be applicable in a given circumstance. However, in virtually every situation, if not all, two essential criteria are utilized. These are, the comparisons with other similarly situated employers and the ability to pay.

This follows because a collective bargaining agreement is influenced by the economics of the market place. Employees, whether professional teachers or otherwise, in setting forth expectations look to similarly situated employees of other employers for guidance as to the prevailing wage rates. From an employer's standpoint, though recognizing the benefits of comparisons, the employer may look toward the comparable productivity level and any special circumstances that might apply to the given employer.

Once the "economics of the market place" and the "productivity of the market place" is ascertained, the other criterion commonly used is the employer's ability to pay. It is recognized in labor parlance that even though the market place might dictate an economic result, a given employer may not be able to reach that result because of a given economic situation namely, its ability to pay or "financial ability". This criterion therefore, must be analyzed in connection with the comparables.

Bargaining history is a third criterion that may have importance in this situation for it may serve as a guide to the factors leading to the impasse. The bargaining history criterion is bifurcated. There is the past collective bargaining history that led to the current bargaining status. Such history explains how the parties were able to reach certain economic agreements over the years in comparison with other similarly situated employers in a given economic sphere (here Macomb County). The current bargaining history gives insight to the reasons for the current impasse and furnishes a guide to the Fact Finder in resolving the impasse.

For the Mount Clemens Community Schools, there would also be a fourth criterion. This is the so-called "strike" criterion. The Association went out on a 12 day strike. Court intervention was sought. The parties resolved the strike by agreeing through a Consent Order that there would be binding fact finding as to the issue of the 1986-87 salary scale.

There was an outstanding offer at the bargaining table presented by the District at the time of the work stoppage. This offer, however, did not prevent the work stoppage. Thus, it would be appropriate to consider the dynamics of the "strike" as a separate criterion in resolving the impasse.

It is these criteria that the Fact Finder will apply against the demographics and economics of the District.

SCOPE OF CONSENT ORDER

There is a dispute between the parties as to the scope of Paragraph 4 of the Consent Order quoted at pages 2 and 3 of this Report. The Association takes the position that as to the 1986-87 salary schedule, the Fact Finder is limited to the parties' respective last best offers with the Association's last best offer being a 6% wage increase and the Board's last best offer being a 4% wage increase.

The District argues that the Fact Finder has the latitude of making a binding recommendation as to the 1986-87 salary of between 4% and 6%, the District relying on the sentence in Paragraph 4, "Under no circumstances shall the Fact Finder's report reduce the salary increase below the 4% herein implemented or increase said salary increase by more than 6% of the rates pertaining during the 1985-86 school year."

The Fact Finder appreciates the Association's argument that its intentions in entering into binding fact finding was that the Consent Order was to have the last best

offers, either at 4% (the District's position) or at 6% (the Association's position) bind the parties. But, it is a basic legal axiom that courts speak through their respective orders. There is nothing in Judge Cashen's September 23, 1986 Order that limits the Fact Finder's adherence to either party's last best offer. The Order only gives a range within which the Fact Finder is to recommend, namely, not below 4% to not "more than 6% of the rates pertaining during the 1985-86 school year". Thus, the Fact Finder concludes that he has the authority to recommend either a 4% or 6% figure or an amount within the range of 4% to 6%. The Fact Finder will conduct himself accordingly.

THE DEMOGRAPHY-ECONOMICS OF THE MOUNT
CLEMENS COMMUNITY SCHOOLS

The Mount Clemens Community School District is comprised of the City of Mount Clemens, Michigan in Macomb County, plus a few blocks of Clinton Township. As of the September 26, 1986, Fourth Friday Count, the District had 3,733 full time equivalent (FTE) students. A second count taken on Friday, October 3, 1986 revealed that the District had 3,756 full time equivalent students.

Below is an analysis of the District's Fourth Friday Counts for the last six years plus a projected enrollment for 1987-1990:

1980-86
STUDENT ENROLLMENT
("Fourth Friday" Count)

<u>Date</u>	<u>All FTE</u>	<u>+ or -</u>	<u>K-12</u>	<u>+ or -</u>
9/80	4690		4619	
9/81	4417	-273	4417	-202
9/82	4371	-46	4222	-195
9/83	4297	-74	4128	-94
9/84	3975	-322	3850	-278
9/85	3900	-75	3755	-95
9/86	3733	<u>-167</u>	3491	<u>-264</u>
		-957		-1128

PROJECTED ENROLLMENT
1987-1990

9/87	3595	-138
9/88	3526	-69
9/89	3398	-128
9/90	3328	<u>-70</u>
		-1362

In projecting enrollment, the District uses the services of a private company in East Lansing, Michigan. The projections for the current year was 3,725 students. Given the actual figure of 3,733 students on September 26, 1986, this demonstrates a most accurate method of projection. This accuracy is particularly impressive when the Fact Finder recognizes that there has been a strike and usually, in such situations, there is delays in students returning to the classroom.

The conclusion to be drawn from the above chart is that the Mount Clemens School District is in a declining enrollment pattern. This decline directly affects the District's financial ability as it receives 20 to 30% of its budget from state aid based upon student enrollment.

There are 21 school districts in Macomb County. The teachers in four of those districts, East Detroit, Lakeshore,

Roseville and Van Dyke are not represented by the Michigan Education Association. The teachers in Utica and the Warren Consolidated Schools are represented by the Michigan Education Association but are not part of Local 1. The other fifteen Macomb County districts including Mount Clemens are affiliated with Local 1.

There are approximately 218-220 certified personnel employed by the District represented by the Association. The vast majority of these teachers are at the MA maximum level.

In terms of size among the 21 school districts in Macomb County, there are some districts that exceed Mt. Clemens' size such as Utica and Warren Consolidated. However, Mt. Clemens is among one of the larger districts in the County.

Of the 21 districts, the Mount Clemens Community Schools levies the highest authorized millage (43.98), the highest extra voted millage (35.4) and when combined with the debt retirement, levies the highest total mills in the county, namely 48.5300. See Appendix B attached to this Report.

The property tax base of the school district for the 1980-86 period was:

	<u>SEV</u>	<u>% Increase of prior year</u>
1980	\$187,305,403	-
1981	201,248,563	+7.4
1982	217,851,785	+8.2
1983	211,404,947	-3.0
1984	214,279,575	+1.4
1985	222,219,322	+3.7
1986	228,739,163	+2.9
Total SEV increase 1980-86 +		\$ 41,433,760
Total % increase in SEV 1980-1986 +		22.1%
Average annual % increase in SEV 1980-86 =		3.68%

This suggests that the District is experiencing only a modest increase in its property base which is primarily residential in character.

THE BARGAINING HISTORY

As noted, the majority of Mt. Clemens' teachers are at the MA maximum. Thus, for analytical purposes, the Fact Finder's comparisons will emphasize the MA maximum.

As a result of bargaining for the 1985-86 school year, Mt. Clemens' teachers ranked 15 out of 19 school districts in terms of salaries paid at the MA maximum as indicated by the following chart:

	1985-86 <u>MA Max.</u>
1. Center Line	37,150
2. Warren Woods	36,906
3. Utica	36,774
4. South Lake	36,386
5. Chip Valley	35,702
6. Fraser	35,415
7. Lanse Creuse	35,119
8. Van Dyke	35,018
9. Fitzgerald	34,723
10. Lakeview	33,860
11. Roseville	33,341
12. East Detroit	33,285
13. Lake Shore	33,132
14. Romeo	32,821
15. Mount Clemens	32,400
16. Richmond	31,984
17. Warren Woods	31,782
18. New Haven	29,861
19. Armada	27,876

In 1985, the Association and the Board reached a tentative agreement for a two year contract covering the 1985-86 and 1986-87 school years. The agreement provided for a 2%

agreement provided for a 2% increase across the board for each of the two years. This agreement was recommended by the bargaining team of the Mount Clemens Education Association but was rejected by its membership. As a result, the parties agreed to a one year agreement covering the 1985-86 school year providing for a 2% increase. It was this 2% increase that set the Mount Clemens' MA maximum for the 1985-86 school year with a salary of \$32,400.00. Thus, at least at one time, the Association was willing to take a 2% wage increase for each of the two years presumably, because of the Mount Clemens school district's financial situation.

Against this background, the parties commenced negotiating for a successor to the one year 1985-86 Collective Bargaining Agreement. The economic proposals of the Board and the respective dates were:

<u>DATE</u>	<u>BOARD OFFER</u>	<u>DURATION</u>
May 19, 1986	1% Increase	1 Year
June 25, 1986	2% Increase	1 Year
August 19, 1986 4:45 p.m.	2.75% first year 4% second year 4% third year	3 years
August 19, 1986 5:35 p.m.	3% first year 5% second year 4% third year	3 years
August 29, 1986	4% first year 6% second year	2 Years

As bargaining began for the 1986-87 Agreement, the Association took the position that it should receive a 6% increase across the board on a one year agreement only for the 1986-87 school year, though it had previously agreed one year

earlier to a 2% increase. The Board, however, offered a 1% increase even though one year previously it had been willing to accept a 2% increase for the same 1986-87 school year.

Up until mid-August, 1986, the Board was opposing all multi-year agreements. By August 29, 1986, the Board had proposed what it is now offering at fact finding, namely, a 4% increase for the first year, 1986-87 and a 6% increase for the second year involving the 1987-88 Agreement. For the entire negotiating period and at fact finding, the Association insisted on a one year Agreement at 6% and has consistently rejected any offers for a two year Agreement.

The conclusion to be drawn from this bargaining history is that prior to the 1986-87 school year, collective bargaining had resulted in Mount Clemens' teachers being paid at the bottom third of the salary schedule with respect to other comparable districts. By acknowledging this fact, the negotiating teams at one time had reached a tentative agreement for a 2% increase in each of the 1985-86 and 1986-87 school years. The Board, when pressed by the teachers, was willing to increase the 2% offer to 4% for the 1986-87 school year but, resisted any further increase in 1986-87 due to the District's financial condition. The 2% agreement for the 1985-86 school year apparently reflected the Association's recognition that there was a financial condition in the Mount Clemens Community Schools that could not be ignored.

THE COMPARABLES

The Fact Finder has already alluded to comparables and the position that Mount Clemens teachers were in as a result of bargaining for the 1985-86 school year.

With the Board's 4% offer for the 1986-87 school year, Mount Clemens will still ranked 15 among the 21 school districts at the MA maximum, similar to its ranking for the 1985-86 school year as indicated by the following chart:

RANK	DISTRICT	M.A. MAX.
1	WARREN CONS.	39,120
2	UTICA	38,980
3	CENTER LINE	38,636
4	SOUTH LAKE	38,390
5	FRASER	37,185
6	CHIP VALLEY +2% COLA	37,131
7	FITZGERALD	36,823
8	LANSE CREUSE +2% COLA	36,523
9	LAKEVIEW	35,891
10	ROSEVILLE	35,341
11	*VAN DYKE NOT SET.	35,018
12	EAST DETROIT	34,949
13	*CLINTONDALE NOT SET.	34,868
14	ROMEO	34,462
15	MT. CLEMENS AT 4%	33,705
16	WARREN WOODS	33,689
17	ANCHOR BAY	33,623
18	*LAKE SHORE NOT SET.	33,132
19	RICHMOND +2% COLA	32,623
20	NEW HAVEN	31,684
21	ARMADA +4% COLA	28,433

Mount Clemens would likewise remain in the 15th position with a 6% increase over 1985-86:

RANK	DISTRICT	M.A. MAX.
1	WARREN CONS.	39,120
2	UTICA	38,980
3	CENTER LINE	38,636
4	SOUTH LAKE	38,390
5	FRASER	37,185
6	CHIP VALLEY +2% COLA	37,131
7	FITZGERALD	36,823
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9	LAKEVIEW	35,891
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15	MT. CLEMENS AT 6%	34,354
16	WARREN WOODS	33,689
17	ANCHOR BAY	33,623
18	*LAKE SHORE NOT SET.	33,132
19	RICHMOND +2% COLA	32,623
20	NEW HAVEN	31,684
21	ARMADA +4%	28,433
	COLA	

However, the continued ranking of 15 among the comparable school districts for 1985-86 and 1986-87, whether the salary increase was at 4% or 6%, does not explain the entire situation.

In comparing Mount Clemens with 14th ranked Romeo and 12th ranked East Detroit for these two years, the Fact Finder notes the following phenomenon. In 1985-86 with a 2% increase at Mount Clemens, Romeo teachers at the MA maximum received \$421.00 more than Mount Clemens teachers. At the 4% offer in 1986-87, the spread between Romeo and Mount Clemens is \$757.00 in favor of the Romeo district teachers. If the offer had been accepted at 6%, the spread would only have been \$108.

As compared to East Detroit for the 1985-86 school year, the difference at the MA maximum was \$885.00. At a 4% offer for the 1986-87 school year, the spread would be \$1,244.00. If a 6% settlement had been reached, the spread would have been \$595.00.

It is interesting to note that in 1986-87, both East Detroit and Romeo teachers received a 5% increase across the board.

Within Macomb County, the percentage increases for the 1986-87 school year ranged from 2% to 6%. Two districts, Chippewa Valley and L'anse Creuse settled at 4% with a 2% provision for COLA. Armada settled at 2% in addition to a 4% COLA provision. Richmond settled at 2% with a 2% provision for COLA. One district South Lake settled at 5%, Warren Woods was among the districts settling at 6%. Even at 6%, Warren Woods continues to be below Mount Clemens' maximum based on a 4% increase. There is little question that the 6% settlement at Warren Woods was an attempt to bring teachers at the MA maximum up to the \$33-34,000 range as compared to a previous 1985-86 figure at Warren Woods of \$31,782. New Haven which had been one of Macomb County's lowest paying districts, settled at 6.1% for a 1986-87 MA maximum of \$31,684, still ranking it twentieth among Macomb County school districts.

The conclusion that these comparisons offer is that Mount Clemens has not been the highest paid district in Macomb County; that the question of percentage increase may include a "catch up" factor in some cases; and that those who settled at 6% were either the traditionally higher paid districts or the just described "catch up" districts highlighted by Warren Woods and New Haven.

The settlement pattern particularly, in the school districts that are traditionally compared with Mount Clemens in terms of ranking, suggest a 5% increase figure. Obviously, to keep abreast with East Detroit and Romeo, Mount Clemens would have to have settled at 5% for the 1986-87 school year.

When comparing 16th ranked Richmond, one notes that Richmond paid a MA maximum of \$416 less than Mount Clemens in the 1985-86 school year. With a 4% settlement figure for the 1986-87 school year, Richmond falls farther behind Mount Clemens than in 1985, ranking nineteenth. However, there is the 2% COLA provision in Richmond which may equalize this somewhat.

The whole point, particularly in referring to Richmond, is that comparisons do not lead to precise conclusions. Yet, when Mount Clemens teachers look towards comparable districts, they are not expecting to be compared with rural districts such as Richmond and Armada but, rather with more urban districts that might have more similar teaching concerns and other circumstances and with whom the bargaining history would suggest there has been a historical comparison. This explains the Fact Finder's emphasis on the East Detroit and Romeo districts.

Having found that a 5% increase would seem to comport with the comparables, the Fact Finder must next examine the District's financial capability to meet such an increase.

ABILITY TO PAY

By July 1, 1985, with a budget running in excess of \$14,500,000 annually, the Mount Clemens Community Schools had a \$1,101,406 deficit fund balance. This balance was built up as a result of decreases in anticipated state aid due to executive cuts and reductions in federal impact aid. In addition, as set forth at page 8 of this Report, from the period of September,

1982 through September, 1984 (the "Fourth Friday" Count), the District's student enrollment of full-time equivalent dropped 442 students. At the K through 12 level, this 1982-84 drop was even more dramatic, namely, 567 students.

During these years the state aid formula varied, but the state aid contribution per student equaled about \$3,000, if not more. As the District receives between 25 to 30% of its budget from state aid, the substantial drop in students combined with the executive cuts in state aid could well have contributed to the build up of a deficit fund balance in the Mount Clemens school district.

Because the District relies on receipt of state aid to operate, it is subject to the provisions of the School District Equalization Act and specifically, Section 102, MCLA 388.1202 which reads:

(1) A district receiving moneys under this act shall not adopt or operate under a deficit budget and a district shall not incur an operating deficit in any fund in any fiscal year. Each district shall submit its adopted budget for the current fiscal year to the department before November 1. A district with an existing deficit or which incurs a deficit shall not be allotted or paid any further sum under this act until it submits to the department for approval a budget for the current fiscal year, and a plan to eliminate its deficit not later than the end of the second fiscal year after the deficit was incurred. Withheld state aid payments shall be released after the department approves the deficit reduction plan and ensures that the budget for the current fiscal year is balanced.

(2) The department shall report to the legislature annually all deficits incurred by districts and the progress made in reducing deficits.

The penalty for failure to comply with Section 102 could mean the loss of state aid and even reorganization of the District. Section 102 also provides that the District was required to furnish a plan to the Department of Education for approval to eliminate the deficit within two years or by June 30, 1987. The District did present such a plan which was approved.

The plan provided for budget cutting measures and to seek additional tax revenue from its citizens to eliminate the deficit. The District, thus, prevailed upon its citizens on October 8, 1985, for a three year millage increase of 2.25 mills from 1985 through 1987 for school operations. As already noted, prior to this vote and certainly thereafter, the District had the highest voted operational and debt retirement millage of any of the 21 school districts in Macomb County.

Not only does the District have the highest voted millage of school districts in Macomb County, but it is close to reaching the constitutional limitation in total millage levied of 50 mills. As one mill equals approximately \$218,000 in revenue, a 2.25 millage results in approximately a \$500,000 increase in revenue annually.

In the 1985-86 school year, therefore, the District had approximately \$500,000 of new revenue. It was obligated, however, with the 2% increase in wages for teachers and other employees, to approximately \$200,000 of increased cost. The District, therefore, attempted in its 1985-86 budget to reduce discretionary account expenditures^{1/} as well as taking other

^{1/} Discretionary accounts include instructional supplies such as text books, paper and pencils; support supplies such as psychological/cognitive testing materials; purchasing services such as occupational and physical therapy support and photocopying materials; and capital outlay.

economic measures. With the new revenues (from the 2.25 voted mill) of about \$500,000 and the economic offset of about \$200,000 in increased labor costs, the District, nevertheless by the economic measures taken, was able to reduce the deficit fund balance by June 30, 1986 to \$586,217 for a net change of \$515,189 in the fund balance. This change approximated the amount of the voted millage.

Without the economic measures of reducing discretionary account expenditures and other budget monitoring devices, the District could not have made this substantial change in its deficit fund in one year. The District had actually estimated its revenue to be \$281,243 more than it was for the 1985-86 school year. However, in the area of employee benefits in instruction and support services, the District over estimated its expenditures by \$332,028. Thus, the District's financial history for the fiscal year ending June 30, 1986, reveals an over estimation of revenue by \$281,243, over budgeted expenses of at least \$408,220, and as pointed out, a reduction of the deficit by \$515,189.^{2/}

As to the Mount Clemens School District's fiscal year ending June 30, 1987, the Fact Finder must recognize the importance of state aid which constitutes as noted, 25 to 30% of the District's budget. The District had estimated that it would

^{2/} Capital outlay during the course of the 1985-86 fiscal year was controlled so that it came in \$57,454 under budget. There was also other items that came under budget, namely, pupil support services (\$103,620) and business support (\$87,696). However, general administration expenses exceeded the budget by \$273,816.

have 3,725 students or a drop of 175 students by the calendar Fourth Friday Count. Actually, the District had 3,733 full-time equivalent students or a drop of 167 students. This was to repeat, a very accurate count.

The 1986-87 state aid formula was such that the Mount Clemens School District received about \$3,520 for each student. Yet, the fact is that Mount Clemens School District had lost students reducing its potential state aid receipts. Unlike the previous year, the budget was estimated based upon actual receipts for the year ending June 30, 1986. The fiscal year ending June 30, 1986 reveals a total of all revenues as audited of \$14,680,727. The proposed 1986-87 budget estimated revenues of \$14,646,701 or approximately \$34,000 less than the total revenues from the fiscal year ending June 30, 1986.

A substantial amount of this change, as noted, came about by the estimated contribution of state aid. The audited June 30, 1986 receipts showed state aid of \$2,858,224. The proposed changed, based upon the actual count of 3,733 FTE students, was \$2,530,500 representing the obvious drop in student enrollment. Despite the change in state aid membership, the estimated reduction in revenues in 1986-87 over 1985-86 is only \$38,000.

Changes in other revenue items account for this minimum reduction. For example, the audited June 30, 1986 statement reflecting the property taxes levied, brought a revenue of \$9,081,946. The proposed budget suggests that the tax levy will produce \$9,350,000. This is an increase of approximately \$270,000 which presumably, is reflected by the 3% average increase in SEV plus other factors. Overall, it seems

that the District has realistically budgeted its revenues in recognizing the drop in state aid, but compensating by the increase in property tax revenues.

Given the 4% increase offered by the District and ordered by the Court, the District alleges that it would have to extend this same increase to other employees it has in its employ. Thus, based on this allegation, the District prepared the following three 1986-87 financial projections:

	CALCULATION BASED ON 4% INCREASE WITH NO LAY-OFF OF STAFF	CALCULATION BASED ON 4% INCREASE WITH PLANNED LAY-OFF OF STAFF	CALCULATION BASED ON 6% INCREASE WITH PLANNED LAY-OFF OF STAFF
DEFICIT AT 7/01/86	(586,217)	(586,217)	(586,217)
PLUS: 86/87 REVENUE	14,646,701	14,646,701	14,646,701
LESS: 86/87 EXPENSES	(14,204,320)	(14,103,320)	(14,356,587)
DEFICIT AT 6/30/87	(143,836)	(42,836)	(296,103)

These projections are based upon a 10% reduction of all of the discretionary expenditures except athletics. There was no reduction in athletics because of commitments made to the voters when seeking the additional millage. The additional proposed budget reductions were:

ANALYSIS OF BUDGET REDUCTIONS	
LAY-OFF OF SPECIAL EDUCATION DIRECTOR	\$ 29,000
LAY-OFF OF MIDDLE SCHOOL ASSISTANT PRINCIPAL	26,000
CLOSING OF THE INSTRUCTIONAL MEDIA CENTER	46,000
TOTAL OF BOARD-APPROVED CUTS	\$101,000

In regards to these reductions, this included the lay-off of two administrators and the elimination of a full-time administrator position at the Instructional Media Center.

The District had hoped to further reduce its budget by eliminating five teachers at a savings between \$30-35,000 a teacher including benefits. As best as this Fact Finder can ascertain from the record, only one teacher, if any, was eliminated. It seems that the District has shown a good faith effort in recognizing its financial crisis by proceeding to eliminate administration during the school year.

Based upon the Board's above analysis, its attempt to eliminate the \$586,217 by June 30, 1987 pursuant to the statute cited at page 17 of this Report and the plan filed with the Department of State, the 4% increase with the planned lay-off of staff (i.e., the administrators) would still leave the District as of June 30, 1987, with a deficit of \$42,836. With a 6% increase, the District would have a deficit of \$296,103. The District has calculated these increases as applying both to instructional and non-instructional staff, a point to be discussed further.

The variable in the \$42,836 deficit with the 4% increase is the fact that the District is faced with some general repair work that it had not budgeted for which it must make during the 1986-87 school year. These are:

1. Replacement of six (6) classroom ceilings (Seminole and Washington)	17,000
2. Roof repair (Seminole)	30,000
3. Asbestos control/removal	18,000
4. Fire alarm system (High School)	6,000
5. Hot water system (Seminole)	<u>12,400</u>
	\$83,400

School Superintendent Dr. James Drue testified as to these proposed repairs. He emphasized the need for permanent repair work in terms of saving money and to avoid repetition of the same repairs. This was the approach Dr. Drue took in describing the roof repair at Seminole, the replacement of the classroom ceilings at Seminole and Washington and the asbestos control as part of a national program. Obviously, the Fire Marshall requires a fire alarm system.

Perhaps there is a possibility that some of the proposed repairs can be modified. Maybe there can be a limitation on the amount of the asbestos removal in one particular year, but these are probabilities that will depend on the circumstances. However, if the entire \$83,400 is added to the \$42,836 deficit, the deficit at a 4% increase will then be in the vicinity of a \$125,000.

Another variable is that because of the 12 day work stoppage, the calendar Fourth Friday, September 26, 1986, did not come to the Mount Clemens School district after four full weeks of school. It is common knowledge that usually a full enrollment is not experienced until school has been in session for some period of time. Obviously, by September 26, 1986 classes in Mount Clemens had only been in session for a little over two weeks. The District did take another count on its actual fourth Friday of school, October 3, 1986. This later count revealed 3,756 full-time equivalent students or a difference of 23 students. At the rate of \$3,520 per student, this is a difference of \$80,960 in state aid income.

In situations where there have been teacher work stoppages, the state legislature has in the past set a different time after the calendar fourth Friday for the so-called official "Fourth Friday Count." There are several districts in the same situation as the Mount Clemens School District. However, the State is suggesting a date other than the October 3, 1986 date when the District counted 3,756 full-time equivalent. According to Dr. Drue, the proposed date in the potential legislation may not produce a favorable 3,756 FTE count in Mount Clemens. Therefore, the District argues, with some plausibility, that the \$80,960 is not necessarily a reality.

Assuming it was a reality, at best, if all the repairs listed on page 22 of this Opinion had to be made, the District would still end the school fiscal year as of June 30, 1986 with the 4% raise with a deficit of \$42,836 under a plan that requires it to eliminate the deficit by June 30, 1987.

And, if the Association's 6% increase was granted, the District would have a \$379,103 deficit including the \$83,000 needed for repairs. Even if the repairs could be offset by the proposed additional \$80,000 in state aid, at a 6% increase, the District would end the 1986-87 year with approximately a \$296,000 deficit.

Even if the State would extend the plan for a third year, over half of the voted millage that would be available in the 1987-88 school year would have to be used to reduce the deficit at 6% that still existed. And yet, there would be at least about another \$200,000 (6% vs. 4%) of additional labor

cost that must be carried into the 1987-88 school year. This leaves no financial leeway, without relief from budget reductions or new income, in negotiations in 1987-88 and beyond.

In making this analysis, the Fact Finder understands that in actuality a 1% increase for teachers is about \$70,000. Yet, the Fact Finder has been using a \$100,000 figure because as the District persuasively argues, as a practical matter, the percentage increase given to teachers^{3/} could very well be extended to other personnel which explains the \$100,000 figure representing a 1% increase for all employees.

Assuming that the \$83,000 in repairs are not needed (an assumption that is very difficult to make based on Dr. Drue's testimony) and that there might be \$80,000 in additional state aid because of the 3,756 full-time equivalent students, the teacher's 6% proposal is still not consistent with the financial ability of the Mount Clemens School District to pay in the 1986-87 school year, for the June 30, 1987 deficit would still be about \$216,000.

In reaching this conclusion, the Fact Finder analyzed most carefully the teachers' comments concerning the audited financial statement for the school year ending June 30, 1986 wherein the teachers did note a \$332,028 over budget estimation for employee benefits. The point the teachers make is that with such inaccuracies in estimating the budget for the fiscal year

^{3/} Recognizing that it does not necessarily follow because of the comparables as to non-instructional employees.

ending June 30, 1986, the Fact Finder should not rely on the expenditure estimate projected by the District for fiscal year ending June 30, 1987.

The difficulty with this approach is that the current budget is based on actual expenditures for the fiscal year ending 1986 less 10% in discretionary expenditures except in athletics. Thus, it appears to be a more accurate budget when based upon actual expenditures in 1985-86.

The fact that the 1986 budget may contain some over estimations cannot be overlooked. But when the Fact Finder recognizes that the reliance has been on previous actual expenditures, the Fact Finder must conclude that the Association's budgeting argument is not persuasive.

In viewing the District's 1986-87 budget, the expenditure for employee benefits has been budgeted at a rate of 7% more than in the previous year. In 1985-86 the audited figure was \$1,635,930. The proposed budget is \$1,750,445. The parties both agree that there will be an increase in health insurance.

Association's Exhibit 10 reveals evidence that health costs will be between a 3.5% to 4% increase rather than a 7% increase. It is not clear on the record what percentage of the employee benefits represent health insurance. But, if the projection is only 4%, then the District over budgeted \$49,000 for employee benefits assuming that the total amount of employee benefits is for health insurance which is not a valid assumption.

The point is that the District may have over budgeted somewhere between \$49,000 and something less for health insurance. But assume that this is a fact, and assume further that the repair cost can be offset by the \$80,000 increase in state aid based upon the later count, the \$49,000 or something less would permit the District to end the fiscal year on June 30, 1987 at 4% without a deficit fund balance and to meet its projected deficit fund balance reduction plan within the two year statutory limitation.

There is a final challenge as to the Board's claim of inability to pay, namely, the financial figures that were presented during bargaining. Association's Exhibit 9 highlights this as follows:

RELATIONSHIP OF EMPLOYER ECONOMIC OFFERS TO REVENUE

<u>DATE</u>	<u>BOARD OFFER</u>	<u>DURATION</u>	<u>REVENUE AVAILABLE</u>
May 19, 1986	1% Increase	1 Year	No Data Available
June 25, 1986	2% Increase	1 Year	No Data Available
August 19, 1986 4:45 p.m.	2.75% first year 4% second year	3 years	8/19/86 - \$13,121,536 based on 3,725 Students
		4% third year	
August 19, 1986 5:35 p.m.	3% first year 5% second year	3 years	8/19/86 - \$13,121,536 based on 3,725 students
		4% third year	
August 29, 1986	4% first year	2 Years 6% second year	8/19/86 - \$13,121,536 based on 3,725 students 9/8/86 - \$13,983,498 based on 3,600 students 9/11/86 - \$14,248,498 based on 3,600 students

9/16/86 - \$14,218,498
based on 3,600
students
9/16/86 - \$14,618,498
based on 3,725
students
10/20/86 - \$14,646,701
based on 3,733
students

CONCLUSION:

SAME 4% INCREASE FOR 1ST YEAR --
ADDITIONAL REVENUE AVAILABLE = \$1,525,165

1% INCREASE IN TEACHER SALARIES = $\$71,672 \times 2 = \$143,344$
(Total cost for 2% increase)

According to the Association, as revealed by the figures on the right hand side of the above chart, the offers were being made up until August 29, 1986, based upon income estimates of \$13,121,536. The District now has an estimate revenue of \$14,646,701. Thus, the Association argues that it has found \$1,525,165. The Fact Finder is not persuaded by this analysis for the reason that the revenue projections on August 19, 1986 was not based upon the actual state aid formula, or, if it was, the District incorrectly evaluated state aid revenues.

The fact is the projected revenue is \$14,646,701. This revenue figure is not bogus or is it found money. It is the money that is available. And, when comparing the projected expenditures with a 4% wage increase, the proposed deficits discussed herein are applicable. There is no such thing on this record of a found \$1,525,165. A reading of pages 19 to 22 of this Report will reveal where this \$14,646,701 figure come from. There is a decrease in state aid and increase in property tax levied with some adjustments in other categories. The expenses

have been reduced by 10% in discretionary accounts except for athletics. The 4% wage increase brought expenses up by approximately \$400,000 over the 1985-86 school year, and thus the need to eliminate the \$586,217 deficit. Apparently, with the increased property value, the 2.25 mills of additional revenue will bring in approximately \$525,000 in 1986-87. A comparison of these figures reveals why the Fact Finder is not persuaded by the argument proffered by Association's Exhibit 9.

Though this Fact Finder, based upon the comparables, has suggested that a 5% increase would have been in order at Mount Clemens Community School District for the 1986-87 school year, the ability to pay tempers this finding. Certainly for reasons explained above, the teacher's 6% proposal is neither consistent with the comparables nor consistent with the District's ability to pay.

The starting and ending point of the analysis as to the school district's ability to pay are two facts; (1) as of June 30, 1985 there was a deficit fund balance of \$1,101,406, (2) the District went to the citizens who were already paying the highest school millage of the 21 school districts in Macomb County and asked for another 2.25 millage. The facts here do not involve a school administration which was not being forthright with its citizens. The audited figures from a highly competent certified public accounting firm, Plant and Moran, cannot be challenged. Even a skeptical citizenry was satisfied by the financial facts to vote needed mills even though they were already highly taxed.

STRIKE CRITERION

The final criterion that this Fact Finder must use in analyzing this situation is the so-called strike criterion. With a 4% offer that was made on August 29, 1986 for the first year and 6% for the second year, the teachers, nevertheless, chose to withhold services. They did so for 12 days. The withholding of services or strike (whatever one wishes to call it) did not end until Judge Cashen's September 18, 1986 Consent Order. The 4% offer for the first year caused the teachers for the first time in the history of the Mount Clemens Community school district to withhold services. This suggests that absent withholding services or another substitute for a strike, a 4% offer would not settle this labor dispute. Something more had to be offered.

This is not to suggest that those who withhold services can always expect more than what was offered at the bargaining table. Yet, with regularity this seems to be the experience absent circumstances that would lead to a different result. By making this statement, the Fact Finder is not suggesting that one should be awarded for withholding services, but is only commenting on the realities and the recognition that this situation did result in the withholding of services of a fairly large group of teachers.

Using the strike criterion, namely, the recognition that 4% could not avoid a withholding of services, this Fact Finder would suggest that a more appropriate salary increase for the 1985-86 school year would be 5%, particularly when the

comparables of East Detroit and Romeo seem to dictate such a finding. See discussions at pages 14 to 16 of this Report.

At 5%, using the MA maximum, Mount Clemens teachers would received for the 1986-87 school year \$34,029. When compared with the MA maximum of Romeo teachers, receiving \$34,462, this would mean a spread in favor of Romeo teachers of \$432.55 as compared to the 1985-86 spread of \$421.00. In comparing East Detroit teachers to Mount Clemens, the spread at 5% would be \$920.00 as compared to a spread of \$885.00 in the 1985-86 school year at the MA maximum. This analysis highlights the validity of the 5% figure.

Admittedly, even at 5% there is a slight increase in the spread between East Detroit, Romeo and Mount Clemens, but it is minor and is more a function of mathematics than actual differences in bargaining.

THE 1986-87 RECOMMENDATION

As pointed out, the Mount Clemens school district, at least for the 1986-87 school year, had a financial problem in paying a 4% wage increase. Another one percent increase for the entire school year would amount to, if one recognizes that the non-teaching employees would perhaps receive the same amount, an increase in costs of up to \$100,000. With the potential of reaching an approximately \$126,000 deficit, based upon the \$42,833 deficit at a 4% increase and the \$83,000 potential repairs, an extra \$100,000 represented by the 1% increase would indeed seriously erode the District's efforts to eliminate its deficit fund balance deficit within the statutorily required two years, i.e., by June 30, 1987.

If the \$80,000 of additional school aid becomes a reality, then this would offset the repairs. There would still be a \$142,000 deficit rather than a \$225,000 deficit. If on the other hand, the District is over budgeted by around \$40,000 or somewhat less for health insurance, with an additional \$100,000 in costs, then the deficit is still about \$100,000.

Two points. The District at 4% was prepared to go in to the 1987-88 year with about a \$43,000 deficit. With the repairs, unless there are some other cuts during the school year, the District, perhaps reluctantly, absent receiving the additional state aid represented by the 23 additional students, would have accepted a \$125,000 deficit. However, this deficit still would have an eroding effect on the financial recovery plan.

There are variables, namely, does all the asbestos have to be removed by June 30, 1987? This is an \$18,000 item. Furthermore, is the estimate as to health insurance cost increases such that over budgeting on this item is about \$40,000? Will the additional \$80,000 from state aid, come into the Mount Clemens school district coffers?

With these variables, it would seem to the Fact Finder that to recommend in a binding Fact Finding Report another potential \$100,000 cost is not reasonable nor consistent with the facts, even though the 5% figure is sound based upon the comparables. What seems to be more reasonable is to recommend an additional 1% increase annualized to existing salaries beginning with the second school semester presumably,

some time in January or February, 1987. Thus, beginning with the second semester of the 1986-87 school year, Mount Clemens' teachers at the MA maximum will reach the equivalent of an annual salary of \$34,029 as if they had received a 5% pay raise in September, 1986 except that the teachers will not have received this additional 1% during the first semester. By using this technique of beginning the pay raise at the semester break, the District's exposure is limited as of the fiscal year ending June 30, 1987, to approximately an additional \$50,000 in labor costs, including both instructional and non-instructional employees.^{4/}

Assuming the worse fiscal scenario, \$83,000 for repairs and a \$43,000 current deficit, this would still mean a \$176,000 deficit which is disturbing. If the state aid is increased by \$80,000, the deficit is down to about \$96,000 which is within the range that the District was willing to accept. If the \$83,000 in the proposed repairs are reduced even to around \$5,000, this reduces the deficit even further to around \$91,000. If the health insurance cost has been over budgeted, for example by even \$15,000, this would mean a deficit of \$76,000. Even at the 4% offer, the District was prepared to accept a \$43,000 current deficit and even a \$125,000 deficit if the repairs had to be made and the additional state aid was not forthcoming. Thus, the recommendation based on an additional 1% wage increase beginning with the second semester would probably cause a

^{4/} The cost would be one-half of the \$100,000.

deficit within a figure that the Board was previously willing to accept at a 4% wage increase.

Furthermore, from the approximately \$500,000 of revenue in 1987-88 from the 2.25 millage, even under the worst financial scenario, the District will have sufficient funds to eliminate (or come close to doing so) its deficits within its two year plan and still comply with this recommendation recognizing, however, that the wage cost incurred in 1986-87 by their very nature will have to be incorporated into the 1987-88 budget.

1987-88 RECOMMENDATION

Though not binding on the parties, this Fact Finder would agree that he could make recommendations for the 1987-88 school year under Judge Cashen's Order as explained at pages 6 and 7 of this Report. In analyzing the offers made by the 21 school districts in the 1986-87 school year, only one exceeded 6%, namely, New Haven, at 6.1%. But, New Haven's situation was based upon a "catch up" factor.^{5/} Though there were four districts in 1985-86 that exceeded 6%, New Haven at 6.1%, Warren Woods at 7.1%, Fitzgerald at 8.1% and Romeo at 8.8%, it seems that these situations were again for "catch up" reasons.

Thus, this Fact Finder understands the District's offer of 6% for the 1987-88 year particularly, when combined with the Fact Finder's binding recommendation of an additional 1% increase, albeit beginning the second semester for the 1986-87 school year.

^{5/} See discussion at page 15 of this Report.

There are several reasons why this Fact Finder will not make a recommendation for the 1987-88 school year.

There was a withholding of services by the Mount Clemens school district teachers partly because the teachers were not prepared to accept an agreement that included a settlement for the 1987-88 school year. This is a fact of life. This phenomenon perhaps, has come about by the failure of the teachers to acknowledge or to accept the District's financial limitations. At pages 27 and 28 of this Report, the Fact Finder has set forth the Association's Exhibit 9 revealing bargaining figures underestimating revenue which were presented to the teachers and which may very well have eroded the teachers' confidence in the financial data presented by the Board.

Now, a third party has examined the facts and hopefully, this examination has alerted the teachers to examine Mount Clemens' financial situation a little more realistically and perhaps with more confidence. Such an examination should be made during collective bargaining without the need of a Fact Finder's recommendation. A recommendation should only come, if the parties are again at impasse for an agreement as to the 1986-87 school year.

The second reason is closely allied to the first reason in that the teachers have unequivocally stated that because of their own bargaining posture they will not accept a 1987-88 Agreement. The Fact Finder acknowledges the Board's concern over the Association's suggestion that it may attempt for the 1987-88 school year to engage in so-called joint

bargaining under the tutelage of Local 1. The District is concerned about Mount Clemens and no other district. The Fact Finder appreciates this, but again the Fact Finder must recognize that there was a strike; that the teachers were adamant in their position and that the best resolution would be to allow the parties to address this potential issue at negotiations or in another forum.

There are other reasons why the parties should have another look at the 1987-88 school year. The financial situation in Mount Clemens will not evaporate. The extra millage will expire in 1987. Student enrollment continues to drop thereby affecting the amount of state aid receipts. The teachers may well be seeking additional increases.

Yet, District's Exhibit 8, attached hereto as Appendix C, is intriguing and suggests that Mount Clemens, particularly at the high school level, has a most favorable secondary academic class size as compared to other Macomb County districts. The Fact Finder acknowledges the advantages of small classes from the teacher's perspective. Nevertheless, as the Mount Clemens school district is faced with economic problems and recognizing that the elimination of one, two or three teachers could produce another \$100,000, the question of class size is a matter perhaps best left to negotiations between the parties at the bargaining table.

Finally, MESSA is now engaged in creative cost containment health insurance. This may be another area for

review at the collective bargaining table in order to make funds available for direct wage increases.

In summary, the teachers withheld services partly because of their resistance to a two year agreement. The Board has raised cost containment problems which would not be addressed if the Fact Finder was to accept the Board's proposal in the form made for the 1986-87 school year. Though the deficit might well be either eliminated or so reduced as to make additional funds available from the voted 2.25 millage in 1987-88, the question of whether under the Board's present financial situation such availability of funds can even cover a proposed 6% 1987-88 increase without a resulting deficit, is best resolved at the bargaining table even though this means that within a few months the parties will be back negotiating.

In this regard, the Fact Finder will recommend that the Superintendent and the Business Manager consider meeting with the bargaining teams in December, 1986 and again, in February, 1987 for the purposes of giving an update of the financial situation in the Mount Clemens school district so that the teachers and the Board will be advised prior to returning to the bargaining table as to what progress has been made in addressing the District's financial difficulties.

It may be that the projections of the District are most accurate. If this is true then the teachers should be informed and adjust their demands accordingly. If the actual

facts are producing a greater deficit than projected or if the facts show a surplus, this should also be known.

The point is that there must be accurate financial communication between the parties before the fact rather than after the fact. The Fact Finder does so recommend.

Beyond this, the Fact Finder takes both parties at their word. Teachers do not want, for reasons set forth above, an agreement extending into the 1987-88 school year. The Board has complained that it is limited under the current agreement from certain cost containment programs. The Board should have the opportunity at the bargaining table to seek any cost containments which it believes to be necessary to eliminate and guard against a recurring deficit fund balance. Both parties, therefore, have motives to proceed to a second year agreement even though the Board is now urging a 1987-88 Agreement. The Fact Finder hereby recognizes these motives as the proper avenues to pursue.

The recommendations that follow are based upon the above analysis.

RECOMMENDATIONS

1. For the 1986-87 school year, fiscal year ending June 30, 1987, teachers in the Mount Clemens school district shall receive a total 5% pay raise, effective at the beginning of the second semester. This means that in addition to the 4% increase ordered by the Court, effective at the beginning of the second semester, there will also be an additional 1% wage increase so that the salary level of teachers beginning at the second semester 1986-87 school year will be 5% higher than their Salary Schedule as of June 30, 1986.

2. The Fact Finder makes no recommendation as to salary increases for the 1987-88 school year, except to state that at a mutually convenient date in December, 1986 and again in February, 1987, the respective bargaining teams shall meet for the sole purpose of reviewing the then current financial status of the District, based upon any actions to be taken during the 1986-87 school year, to apprise the parties as to the District's status in resolving its financial difficulties.


GEORGE J. ROUMELL, JR.
Fact Finder

Dated: November 26, 1986

APPENDIX A

STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF MACOMB

MOUNT CLEMENS COMMUNITY
SCHOOLS,

Plaintiff,

v

Case No: 86-3128-CL

Honorable Raymond Cashen

MEA/NEA LOCAL 1, et al

Defendants.

DANIEL J. HOEKENGA (P-15026)
STEVEN J. AMBERG (P-25412)
Attorneys for Defendants
24800 Northwestern Hwy.
Suite 403
Southfield, MI 48075
(313) 356-7100

WILLIAM G. ALBERTSON (P-25232)
Attorney for Plaintiff

CONSENT ORDER

At a session of the Court held on

PRESENT: Hon.

370 23 1986
RAYMOND R. CASHEN

CIRCUIT COURT JUDGE

Having read and studied the Plaintiff's Verified Complaint for Injunctive Relief and the Defendants' Answer and Response thereto; having discussed this matter extensively with counsel for the parties; having received a stipulation of counsel and having accepted same, it is hereby agreed by the parties and ordered by this Court that:

1. The Defendants and members of the Defendants MEA/NEA Local 1 and MOUNT CLEMENS EDUCATION ASSOCIATION who are employed as teachers by the MOUNT CLEMENS COMMUNITY SCHOOL DISTRICT and all others acting in concert with said

persons, shall immediately resume the full, faithful and proper performance of their duties of employment with the MOUNT CLEMENS COMMUNITY SCHOOL DISTRICT, effective at the regular school starting times, Thursday, September 18, 1986.

2. The Plaintiff Board of Education for MOUNT CLEMENS COMMUNITY SCHOOL DISTRICT shall employ members of the Defendant in accordance with the status quo as it pertains to wages, hours, terms and conditions of employment established under the last mutually agreed collective bargaining agreement, except as modified by tentative agreements mutually agreed to by the parties pending the completion of the herein agreed to fact finding;

3. Plaintiff shall implement a 4% salary increase over the rates existing during the 1985-86 school year for the members of the Defendant MCEA within its employ for the 1986-87 school year effective the October 3, 1986 payroll.

4. Plaintiff and Defendant LOCAL 1 shall submit to factfinding the question of what amount of salary increase, if any, beyond the 4% put in place by this Order, shall be granted the teachers represented by the Defendant LOCAL 1. Any other issues within the extant Petition for Factfinding shall also be submitted to the factfinder. Under no circumstances shall the factfinder's report reduce the salary increase below the 4% herein implemented or increase said salary increase by more than 6% of the rates pertaining during the 1985-86 school year.

This factfinding hearing shall proceed under the auspices of the Michigan Employment Relations Commission and be conducted by Mr. George Roumell, its designated

factfinder. The hearing shall occur as soon as reasonably possible following completion of the 1986-87 student enrollment census or "Fourth Friday count."

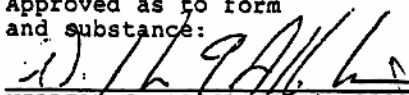
The decision of the factfinder relative to salary for the 1986-87 school year shall be binding upon the Plaintiff and Defendant MEA/NEA LOCAL 1. The decision of the factfinder relative to any other issue(s) shall have the legal effect provided pursuant to Section 24 of the Michigan Labor Relations and Mediation Act 1939 P.A. 1976, as amended, MCLA 423.25, MCL 17.454(27).


5. No party hereto shall retaliate or effect reprisals against any other party for conduct arising from this dispute.

RAYMOND R. CASHEN

Honorable Raymond R. Cashen
Circuit Court Judge

Approved as to form
and substance:


WILLIAM G. ALBERTSON (P-25232)
Attorney for Plaintiff


DANIEL J. HOEKENGA (P-15026)
Attorney for Defendants

A TRUE COPY

EX-111-1111

APPENDIX B

LOCAL DISTRICTS IN ALPHA ORDER

MILLAGE RATES COMPILED FROM FORM DS-4351
SUBMITTED BY LOCAL SCHOOL DISTRICTS

DISTRICT	SCHOOL DISTRICT	R	ALLOCATED	EXTRA VOTED	AUTHORIZED	OPERATING	RETIREMENT	DEBT	TOTAL MILLS
D CODE									
1	50040 ANCHOR BAY SCHOOL DISTRICT	*	8.58	28.00	36.58	36.5800	4.6000	41.1800	
2	50050 ARMADA AREA SCHOOLS	*	8.58	22.15	30.73	30.7300	7.0000	37.7300	
3	50010 CENTER LINE PUBLIC SCHOOLS	*	9.58	26.56	36.14	34.4800	0.6600	35.1400	
4	50080 CHIPPEWA VALLEY SCHOOLS	*	8.58	25.95	34.53	34.5300	7.6500	42.1800	
5	50070 CLINTONDALE COMMUNITY SCHOOLS	*	8.58	28.80	37.38	37.3800	7.7500	45.1300	
6	50020 EAST DETROIT CITY SCHOOL DISTRICT	*	9.58	28.15	37.73	37.7300	1.5000	39.2300	
7	50090 FITZGERALD PUBLIC SCHOOLS	*	9.58	28.65	38.23	38.2300	1.2900	39.5200	
8	50100 FRASER PUBLIC SCHOOLS	*	8.58	32.50	41.08	41.0800	2.5000	43.5800	
9	50120 LAKEVIEW PUBLIC SCHOOLS	*	9.58	29.79	39.37	39.3700	2.2100	41.5800	
10	50130 LAKESHORE PUBLIC SCHOOLS	*	9.58	31.00	40.58	39.7583	1.0417	40.8000	
11	50140 L'ANSE AU LUP PUBLIC SCHOOLS	*	8.58	32.42	41.00	41.0000	3.0000	44.0000	
12	50160 MT. CLIMENS COMMUNITY SCHOOLS	*	8.58	35.40	43.98	43.9800	4.5500	48.5300	
13	50170 NEW HAVEN COMMUNITY SCHOOLS	*	8.58	23.42	32.00	32.0000	3.2200	35.2200	
14	50180 RICHMOND COMMUNITY SCHOOLS	*	8.58	23.62	32.20	32.2000	3.3500	35.5500	
15	50190 ROMEO COMMUNITY SCHOOLS	*	8.58	30.41	38.99	38.9900	4.1700	43.1600	
16	50030 ROSEVILLE COMMUNITY SCHOOLS	*	9.58	29.09	38.67	38.6700	2.0000	40.6700	
17	50210 SOUTH LAKE SCHOOLS	*	8.58	23.00	31.58	31.5800	1.0000	32.5800	
18	50210 UTICA COMMUNITY SCHOOLS	*	8.58	29.40	37.98	37.9800	3.2200	41.2000	
19	50220 VAN DYKE PUBLIC SCHOOLS	*	9.58	31.00	40.58	40.5800	4.1500	44.7300	
20	50230 VAREN CONSOLIDATED SCHOOLS	*	9.58	24.37	33.95	33.9500	2.0000	35.9500	
21	50240 WARREN WOODS PUBLIC SCHOOLS	*	9.58	29.48	39.06	39.0600	7.0000	46.0600	

MACOMB COUNTY SCHOOL DISTRICTS
COMPARISON OF SECONDARY ACADEMIC CLASS SIZES

DISTRICT	MIDDLE/JUNIOR HIGH		SENIOR HIGH	COMMENTS
ANCHOR BAY	33	35	CONTRACT REQUIRES SPLITTING OF CLASS IF THIS MAXIMUM IS EXCEEDED.	
ARMADA	33	37	CONTRACT DOES NOT ADDRESS MAXIMUM/PER/CLASS. THESE ARE PRESENT 1986/87 MAXIMUMS.	
CENTER LINE	30	30	CONTRACT STATES THAT MAXIMUMS MAY BE EXCEEDED AS LONG AS 45 TEACHERS/1000 STUDENT RATIO IS MAINTAINED.	
CHIPPENVA VALLEY	33	33	34 CONTRACT ALLOWS 5 ADDITIONAL STUDENTS OVER THIS MAXIMUM BEFORE CLASSES ARE SPLIT.	
CLINTONDALE	35	35	41 CONTRACT ALLOWS FOR THE MAXIMUMS TO BE EXCEEDED BY 20% BEFORE HIRING OF ADDITIONAL TEACHER	
EAST DETROIT	35	35	CONTRACT DOES NOT ADDRESS MAXIMUM/PER/CLASS. TEACHER MUST NOT EXCEED 170 STUDENTS FOR 5 PERIODS.	
FITZGERALD	27.5	33	CONTRACT STATES THAT MAXIMUMS MAY BE EXCEEDED AS LONG AS 48 TEACHERS/1000 STUDENT RATIO IS MAINTAINED.	
FRASER	30	30	CONTRACT DOES NOT ADDRESS MAXIMUM/PER/CLASS. ALLOWS FOR EXTRA PAY IF THESE MAXIMUMS ARE EXCEEDED.	
LAKE SHORE	30	30	✓ CONTRACT ALLOWS OVERAGES PROVIDED TEACHER HAS MAXIMUM OF 150 STUDENTS IN A 5-PERIOD DAY.	
LAKEVIEW	30	30	37 CONTRACT ALLOWS FOR 7 ADDITIONAL STUDENTS BEFORE SPLITTING CLASS.	
L'ANSE CREUSE	30	30	36 CONTRACT ALLOWS FOR 19% OVERAGE BEFORE HIRING OF ADDITIONAL STAFF.	
MOUNT CLEMENS	30	25	CONTRACT REQUIRES SPLITTING OF CLASS IF THIS MAXIMUM IS EXCEEDED.	
NEW HAVEN	35	35	CONTRACT REQUIRES SPLITTING OF CLASS IF THIS MAXIMUM IS EXCEEDED.	
RICHMOND	35	35	✓ CONTRACT DOES NOT ADDRESS MAXIMUM/PER/CLASS. TEACHER MUST NOT EXCEED 215 STUDENTS FOR 5 PERIODS.	
ROHEO	30	30	38 CONTRACT STATES ALL REASONABLE EFFORT WILL BE MADE NOT TO EXCEED MAXIMUM BY MORE THAN 10%	
ROSEVILLE	33	33	CONTRACT REQUIRES SPLITTING OF CLASS IF THIS MAXIMUM IS EXCEEDED.	
SOUTH LAKE	31	33	CONTRACT REQUIRES SPLITTING OF CLASS IF THIS MAXIMUM IS EXCEEDED.	
UTICA	31	31	✓ CONTRACT ALLOWS OVERAGES PROVIDED TEACHER HAS MAXIMUM OF 150 STUDENTS IN A 5-PERIOD DAY.	
VAN DYKE	34	30	✓ CONTRACT ALLOWS OVERAGES (9-12) PROVIDED TEACHER HAS MAXIMUM OF 150 STUDENTS IN A 5-PERIOD DAY.	
WARREN CONSOLIDATED	34	34	CONTRACT REQUIRES SPLITTING OF CLASS IF THIS MAXIMUM IS EXCEEDED.	
WARREN WOODS	35	35	✓ CONTRACT ALLOWS MAXIMUMS AS LONG AS 150 IS MAXIMUM STUDENT LOAD/PER TEACHER.	

APPENDIX C