

In the Matter of a Dispute)
Between)
Norway-Vulcan Area Schools)
And)
Norway-Vulcan Education Association)

Michigan State University
LABOR AND INDUSTRIAL
RELATIONS LIBRARY

Preliminary Statement of Fact Finder

By notice dated August 26, 1969 the undersigned was appointed Fact Finder in the above titled matter by Robert G. Howlett, Chairman of the Employment Relations Commission, State of Michigan.

A fact finding hearing pursuant to Section 25 of the Labor Mediation Act [Mich. Stat. Ann. 17.454 (27)]; Mich. Comp. Law 423.25 and Part 3 of the Board's General Rules and Regulations was held August 29, 1969 in the Industrial Education building at the school.

Both parties were represented and participated fully in the hearing.

Appearances for the parties were as follows:

For the Association

Joe Sacchetti, P.N. Chairman
Eleanor Wills, MEA President
Bruno E. Manle, F F Comm.
Gerald S. McKie, Member, NVEA
Walter Peters, F F Comm. Chair.
Ronald G. Patrick, MEA P.N. Con.

School District

D. S. Brumbaugh, Superintendent
W. J. LaFreniere

The Issue

The sole issue presented to the Fact Finder was the question as to the appropriate base salary for the BA degree. Both parties had agreed upon the index to be applied to whatever base was agreed upon as well as the insurance package and stipends for coaching and other extra services.

Norway-Vulcan Area Schools

The Association requested a base of \$7,000; the Board offered \$6,500 and the Association revised its request to \$6,800. When the Board rejected this revision at mediation the Association withdrew all offers of settlement and proceeded to Fact Finding.

Fact Finders Report and Recommendations

It appears to the fact finder that the following is a reasonable statement of the fact situation in this case. His recommendations follow in context.

1. There has been an increase in state aid and there seems to be no argument that if the number of pupils on the fourth Friday count is 1,014 then the state aid receivable is \$342,260 which reflects an increase of \$31,382 over the 1968-69 state aid received as claimed by the Association. If the administration's estimate, however, that the fourth Friday count will reveal that the school population is only 975 students, then there is apparently no dispute that the state aid allowable for this number would be only \$320,829, or an increase over 1968-69 of only \$10,451. If that should occur, then the general fund equity balance at the end of the 1969-70 school year is bound to reflect it.

2. With respect to the property tax, there has been an increase in operating millage of 5 mills. The state equalized valuation of the district has increased from the 1968-69 figure of \$10,571,311 to \$10,746,672. There is no dispute, and cannot be, that the total operating millage is now at 26.895 mills. The difference then between the amount received

from this source in 1968-69 as opposed to the projected 1969-70 amount reflects an increase to the district of \$57,578.74.

3. Depending then upon whether the state aid payments are made on the basis of a fourth Friday count of 1,014 as opposed to 975 students as estimated by the district, the total additional revenue on the higher pupil number would be \$89,460.74. Thus, even if the audited total general fund equity deficit of \$13,941.69, unadjusted to reflect cash balances from the school lunch fund, the activities fund, and the bookstore inventory is subtracted from the anticipated revenue based upon 1,014 students, the general fund equity should no longer show a deficit, but should show a plus of \$75,519.05. If only 975 students should be the fourth Friday count, thus reducing state aid to \$10,451, the general fund equity balance position would be reduced to \$54,088.05.

4. It appears by costing out a \$6,700 base salary, which is practically the average base in the U.P., that this would reflect a total salary increase alone over 1968-69 of \$424,200, less last year's cost based on the present agreed factor (63.315) of \$379,890, or a total of \$44,310. This is \$12,652 more than has thus far been offered by the board on a \$6,500 base. It also appears that the cost of extra curricular activities has been computed by the parties based upon a factor of 1.651. If this factor is applied to a \$6,700 base as opposed to the board's \$6,500 offer, the increase would amount to \$329.70 over the Board's current proposal, or a total cost increase over 1968-69 (based upon the \$6,000 base of last

year multiplied by the agreed factor of 1.651 for the current year) of \$1,155 (\$11,061 - \$9,906 = \$1,155).

The agreed insurance package cost increase over 1968-69 cost is \$2,602.

Hence the total increase in cost over last year using agreed factors for the coming year is as follows:

\$44,819	Salary item
1,155	Extra curricular salary item
2,602	Estimated insurance package item
<u>\$48,567</u>	Grand total extra cost over 1968-69

5. Relating the above grand total extra cost over 1968-69 to the two possible estimates of increased revenue for 1969-70 over the past year referred to in #3 above we are confronted with the following situation:

- a) If the estimated enrollment at fourth Friday is 1,014, the total anticipated net revenue increase over 1968-69 should be

	\$75,519	(See #3 above)
Subtract	<u>48,567</u>	(See #4 above)
	\$27,452	Net improvement of increased revenue over added cost, base \$6,700

- b) If the estimated enrollment at fourth Friday is 975 as administration projects it, the total anticipated net revenue increase over 1968-69 should be

	\$54,088	(See #3 above)
Subtract	<u>48,567</u>	(See #4 above)
	\$ 6,021	Net improvement of increased revenue over added cost, base \$6,700

- c) The percentage of added cost to increased revenue in (a) above is

$$\$42,867 \div \$73,519 = 63.6\%$$

The percentage of added cost to increased revenue in (b) above is

$$\$42,867 \div \$54,958 = 80.37\%$$

6. The fact finder believes that since the above computation is based solely on added cost related to adjusted anticipated increase in revenue a \$6,700 base is justified if the state aid is ultimately revealed to be based on the projected 1,918 enrollment or if the percentage of added cost to increased revenue does not exceed 70%. If and to the extent that such percentage does exceed 70%, the fact finder believes a corresponding adjustment of some kind should be made.

The fact finder is fully aware that both parties can argue with numerous aspects of the above rationale and computation adjustments and his conclusion. He is confronted with a practical matter of making a reasonable recommendation. He recalls that the primary basis for requesting the district to approve an added 5 mill increase for operating was that teachers' compensation and benefits must be such as to retain and recruit competent personnel. He believes that the administration in making such request of the voters intended not to be below the average base in the U.S. for 1969-70. The \$6,700 base figure is at or very near that average. Hence this recommendation.

If the parties can now agree upon the estimated state aid as meeting the above recommended guidelines, the \$6,700 base should now be put into effect. If, however, it is decided to await the fourth Friday count to ascertain the amount of state aid in accordance with the above guidelines, then such adjustment as may be agreed upon beyond the \$6,500 base offer already made by the Board shall be retroactive to the beginning of the first pay period of the 1969-70 school year.

September 4, 1969
DATE

James T. Dunne
James T. Dunne, Fact Finder

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