

IN THE MATTER BETWEEN

LABOR AND INDUSTRIAL
RELATIONS LIBRARY
Michigan State University

OAKLAND UNIVERSITY,

OCT 26 1976

-and-

OAKLAND UNIVERSITY CHAPTER,
AMERICAN ASSOCIATION OF
UNIVERSITY PROFESSORS.George BowlesFINDINGS OF FACT AND RECOMMENDATIONS

In this contract dispute, the parties were unable to settle before the scheduled opening of school at the University. The last University proposal was made at 5:30 a.m. on Wednesday, September 1, 1976, and the Association proposal last considered was made at 2:30 p.m. Thursday, September 2, 1976. Members of the Association withheld their services when classes opened. At a hearing on the request by the University for an Injunctive Order against the stoppage, discussions were held with the Honorable Robert T. Webster, Oakland Circuit Judge, out of which grew an Order of the Michigan Employment Relations Commission for Fact Finding, it having been determined that the matters in disagreement between the parties might be more readily settled if the facts involved in this disagreement were determined and made publicly known. The undersigned was appointed under letter of September 7, 1976, from Robert Pisarski, Director, Michigan Employment Relations Commission. The Fact Finding hearing was held in the Meadowbrook Room, Oakland University Center, on Thursday, September 9, 1976, beginning at 10:00 a.m.

APPEARANCESFor the University

Robert A. Maxwell, Attorney
Robert H. Bunger, Ass't. V. P.
for Academic Affairs & Chief Negot.
Richard A. Light, Ass't. V. P.
for Business Affairs, Negot.

For the Association

Louis D. Beer, Attorney
Daniel H. Fullmer, Chief
Negotiator
Richard J. Binke, Nego. Team
Jean S. Braun, Nego. Team
Joel W. Russell, Nego. Team
John Cowlshaw, Nego. Team

At the outset the parties were unable to agree as to what matters were going to be heard by the Fact Finder, and after consultation, which lasted for some two hours, the parties stipulated and agreed as to the issues that were yet unsettled, and also the issues to be submitted to Fact Finding.

The stipulation of the parties as to the issues yet in controversy lists the following: (1) Salary entitlement after layoff, (2) Tuition remission, (3) Librarian PDP's - 10 mo. for acad. libr (4) 34.A.2, (5) Salary system - rotor? Compensation, (6) Lift of scale, (7) Dental, (8) BC/BS, (9) Life Insurance, (10) Parking, (11) Travel, (12) Research Funds, (13) Reduction in S/F ratio for nursing, (14) Following paragraphs in salary area 63-78 except dept. factor specification + 65(c) in OU proposal area agreed.
Para. 112 - TIAA - Ex ef?

It was agreed that the following issues would be submitted to Fact Finding. (1) Salary, (2) Hospital and Medical Coverage, (3) Delta Dental Plan, (4) Life Insurance, (5) Travel Funds for attending professional or scholarly meetings, (6) Research Funds. The presentations began at 1:00 p.m. on the afternoon of September 9, 1976, and continued until approximately 5:00 p.m. Thereafter, the Fact Finder met with the parties separately. He did not seek to ascertain their ultimate positions on the issues, but did allow them to confide in him as to their relative emphases upon the issues and the importance in the resolution of the contract dispute. The Fact Finder wishes to express his appreciation to counsel for their helpfulness in making lucid presentations on very short notice.

The University filed a brief at the close of the hearing, and the Association under date of September 13, 1976, directed its post-hearing brief to the Fact Finder. In the interim, the Association had hand-delivered two additional submissions to the Fact Finder.

He advised counsel for the parties that the hearing could not be closed until the University had been afforded an opportunity to answer these post-hearing submissions. On Thursday, September 16, 1976, after informal discussion between counsel, the Fact Finder was advised that the two post-hearing submissions would be withdrawn by the Association and that he could proceed to the preparation of his Findings and Recommendations. Accordingly, the hearing was closed as to any and all submissions on Thursday, September 16, 1976.

ISSUES

I - Salary

The salary dispute underlines both the philosophical and the economic differences of the parties. It would serve no useful purpose, certainly not an edification of the parties themselves, to recite the whole of the history of salary negotiations during the collective bargaining history between the parties. More particularly, is it not necessary to set forth in this report the genesis and the stormy history of the automatic step or level increases each year which are given all bargaining unit members who have one teaching year on the faculty. Suffice to say that this system came from third party intervention when the parties in early disputes were unable to resolve their contract disputes. We do note, however, that in 1975 the parties were able to settle their contract without third party intervention. The economic settlement that year was a \$1,000.00 increase per faculty member on average. The step increase was included as part of the \$1,000 figure, the University claims.

The threshold question, then, for the Fact Finder in this proceeding is whether or not to include the step increase as part of the offer of the University on salary. This Fact Finder is not going to get himself impaled on his own rhetorical petard. We have no desire to contribute to the interesting history of both third

party intervenors and the parties as to the step increase. We view the question at this point - very late indeed in contract negotiations for 1976 - in the context of a labor dispute that indeed must be settled in order that the University can get on with its important function of educating students. However, some excursion into the philosophical differences must be noted.

The University doesn't like the step increase and would like to get rid of it. The Association likes it and wants to keep it. Of course, desires in collective bargaining are almost always relative rather than philosophical, but this may be one that is philosophical too. If this were earlier in negotiations, the Fact Finder, out of curiosity, might well find out how seriously the parties are committed to their positions, philosophically, on the step increase. Of course, the way is to find out how much the University would pay to get rid of it, and how much the Association would require to lose it. If this were earlier in the dispute, we might see fit to make an alternative Recommendation on this issue and one possible alternative would be an increase "across the board", as we say, of three (3%) percent with a scrapping of the step increase. That surely would be the easiest and clearest way in collective bargaining to find out how seriously committed, philosophically, the parties are, one way or another.

The University says that the step concept isn't consistent with the University salary system which is highly flexible and is merit and market based. It is said to be designed to permit substantial variances in salaries among individuals to account for market differences across teaching and research areas and to account for differences in individual merit. The determination of salary for an individual is a product of three factors - a salary minimum multiplied by a department market factor multiplied by a

personal merit factor. An example is given by the University: A full Professor in the economics department who has been a full Professor over 10 years would receive a salary of \$23,099, if he were awarded minimum merit, he would receive a salary of \$32,556 if he were awarded maximum merit. Thus, the salary received could vary 41% from minimum to maximum based on the judgment of individual merit. It is then argued that the imposition of a "lock step" system based wholly on years of service makes no sense when it is applied to the highly individualized merit system. If the step increase were abolished, it is said that the change would bring into clear focus the real monetary differences in position between the parties and also work to the ultimate benefit of the current salary system, which was designed to provide a professional mechanism for determining the salaries of a professional employee group in a collective bargaining environment. Furthermore, a scrapping or abolition of the step increases would remove this nettling controversy from contract negotiations every year.

The Association's position is that the deletion of the step would deprive it of a benefit which it has long enjoyed. Counsel for the Association, in his post-hearing statement, in trenchant language rationalizes the Association's position: "The inference is clearly left that this marvelous system had been in some horrible irrational way befouled by the nefarious step." In point of fact, the Oakland salary structure was developed and demanded by the AAUP and was the central subject of a two week strike in 1971. The step system is an integral part of that salary system which system would simply make no sense at all after a step component.

"A principal part of the analysis which was undertaken in designing the Oakland salary system was a study of the relations between length of service and individual compensation. It was

recognized that if Oakland were to depart from the non-bargaining mode, the normal forces generated by individual bargaining would be suppressed as to the usual relationship which existed between length of service and compensation would not be expressed as a product of the system. Such a result would have been contrary to the basic purpose of the system which was to allow Oakland to collectively bargain compensation while at the same time accounting both for the performance of the individual faculty and for the need to remain competitive with other institutions. Therefore, the step component system was designed for a specific purpose of assuring that, in general, salaries at Oakland bore the same relationship to length of service as did salaries at other institutions. Absent this component the entire salary system makes no sense." So much for philosophy.

At this stage of the negotiations, it is highly unlikely that the Fact Finder would be successful in approaching the salary issue with a view to changing the system fundamentally. It is not for us, the outsider, to tell the parties what their philosophy should be on a matter which is so sensitive. It is best left to them, to fashion that system which best suits the needs of the University in its important service to education.

The analysis of the economics is much easier.

Again, we must necessarily give some background information on money to explain our recommendations.

The University says its last salary offer was 6.28% while the Association claims it was only 3.5%, the difference being, of course, the value of the step. It is conceded that the step is worth 2.69% to each union member. Only 4 people out of 286 faculty are topping out this year.

The last salary adjustment was in August, 1975, and resulted in an average increase of 2.3% for the 1975-1976 academic year over the 1974-1975 academic year, if the step were not figured as part of salary. CPI rose during the 1974 academic year 9.7% while during the 1975-1976 academic year it rose 5.4%. The argument is made by the Association that the step should not be included in the computation, and every faculty member is entitled to have the same purchasing power during 1976-1977 as a comparable person at that same level in the structure during 1975-1976. An increment of 3% a year for normal in-service increases representing faculty maturation participation in the long range growth of national productivity is suggested by a committee of the AAUP as a norm in projecting scales of average faculty compensation. The Association further urges that a comparison of average faculty salary and compensation increases of Michigan universities over the past two years shows that Oakland increases have fallen within the second quartile except for last year when they were in the bottom quartile. It is argued that the Oakland salaries and compensation the last few years have been consistent with AAUP category I institutions in Michigan. The University's proposal of September 1, 1976, inclusive of the step increases, a general increase on salary, medical inflation and inflation in hospitalization costs, amounts to an offer of \$410,410., whereas the AAUP proposal of September 2, 1976, amounts in totality to an offer of \$624,481. The University proposal with medical inflation amounts to 2.66% and the Association's proposal with medical-hospitalization inflation amounts to 5.81%, when viewed with relation to the salary and compensation basis.

The Association submission and the University submission agree on the percentage increases in other Michigan universities in 1976-1977. They are: University of Michigan, Ann Arbor - 5%; University of Michigan, Dearborn - 5%; Central Michigan - 6.8%;

Northern Michigan - 6%; Michigan Technological University - 6%; Michigan State University - 5%. As to overall compensation, using the same ratio of salary to fringes at each school as at Oakland, overall compensation showed as far as 1976-1977 increases: the University of Michigan, Ann Arbor - 4.8%; University of Michigan, Dearborn - 4.8%; Michigan State University - 4.8%; Central Michigan - 6.5% and Oakland - 6%. Traditionally, Oakland salaries have been high. In its early years, Oakland had a highly energetic and successful recruitment of faculty with a high percentage of PhD's. It began with high salary characteristics.

The Association, in Exhibit 1 introduced into evidence at the hearing, observed. "The Administration's offer of 3.5% raise plus step would raise our average salaries from \$18,027 to \$18,816; and our average compensation salary plus fringes from \$22,000 to \$23,000. This would still give us a "1" rating for II A schools but for class I schools our Professors would rate "3", our Associate Professors "2" and our Assistant Professors "1".

"The Association's position is that we are adequately paid for a university faculty of our type and quality, but not overpaid. We seek only to retain our relative position among the universities of Michigan, below the "Big 3" but above the regional universities."

Although Oakland rates high on percentage of PhD's and research the Fact Finder cannot go behind the AAUP rating of II A, for purposes of our Recommendation. II A is the rating given the university by AAUP criteria. Salaries at Oakland in 1975-1976 were four (4%) percent higher than the average II A public universities and three (3%) percent lower than the average category I public school, for a compensation rating of "1", that is, the top 20% of II A schools for Professors, Associate Professors and Assistant Professors and "1" that is, the top

five (5%) percent for Instructors.

It is observed that Oakland is a young university and that there have been no retirements yet. The University analysis, figuring in the step as part of compensation shows Oakland for 1976-1977 at \$23,559; University of Michigan, Ann Arbor at \$23,890 and Michigan State University at \$22,297 for full Professors.

A number of observations must be made as to the step increases. All in the bargaining unit except the first year people are assured of these increases without regard to any other factor or factors. They are certain and may be counted upon, that is, as dollars received for purposes of economic planning by all bargaining unit members, at least all except four the past year. The internal characteristics of the faculty under the step will change from year to year, but no one has shown that that change would be substantial so far as economic results, that is, dollars. Step increases so far as characteristics most notably have certainty - all may count upon them - and as they are administered and operate within this faculty have a very high degree of participation and enjoyment by those in the bargaining unit. Everyone gets more each year within the step until a maximum is reached. Almost every member of the Association inexorably and infallibly cannot be said to improve every year or stated another way, all do not improve in the same degree each year. But the step is automatic without regard to the evaluation of actual quality of performance within the meaning of professional standards that would be acceptable in the University community. In the evidentiary showing of the parties, the Fact Finder did not see demonstrated that any other university with which comparisons were made had a similar system of step increases that had these same characteristics, namely, a very high degree of participation and certainty, unerring since step increases were first instituted.

The first holding is that in comparing Oakland salaries with the salaries of other colleges and universities the step or level component should be considered as the University urges. Nomenclature is unimportant. "A rose by any other name..." Whatever rationalization, bargaining unit members get step increases every year after the first year; they can count upon them under a fixed, discernible schedule.

Second, the amount of the increase or "new money" allocable to step increases should be considered in calculating the percentage of increase. Hence, we reject the Association assertion that the University has offered only 3.5%. We reject the University assertion that it has offered 6.²⁸% since all monies allocable to step increases are not "new money". Simply stated, in figuring the increase, "new money" whether on salary base or step increases, must be considered.

Realizing that the exact allocations must be a matter of computation by the parties, it is Recommended that the parties settle this issue on the basis of an increase of 5.8% total "new money" whether allocable to base or to step increases. This increase of 5.8% comports fairly with increases granted at other colleges and universities this bargaining year.

II - Health Insurance Plans

The Association wishes to move to Blue Cross-Blue Shield as opposed to American Community Mutual Insurance Company. The University suggests a continuance of American Community Mutual Insurance Company as a carrier, or that the Association be given all the funds currently spent on faculty health insurance, with no strings attached, allowing the Association to purchase and administer a health care program from any source it desires. The Fact Finder cannot discern that there has been much meaningful, close and fact-oriented bargaining on this issue. Neither party

has shown the Fact Finder in precise detail how much Blue Cross-Blue Shield coverage would cost for the same benefits program nor do we have any hard evidence as to what the anticipated increases would be as a matter of experience this year, either under American Community Mutual Insurance Company or Blue Cross-Blue Shield coverage. The parties, in the 1975-1976 contract, set forth contractual limits so far as dollars. Certainly the dollars must be watched by anyone in this period of outrageously accelerating health care costs. The dollars that the University spends on such a benefit should be explicitly noted and recognized. For example, there is apparently an increase of about 51% for basic health insurance over the previous contract figures, if the parties stay with the present carrier. These dollar figures should be expressly articulated.

The University opposes a move to Blue Cross-Blue Shield because of change-over problems and also because it envisions a depersonalized system, to use counsel's colorful language, "monolithic bureaucracy" with more complex procedures with less personalized attention and therefore, less satisfaction on the part of the faculty.

The Association states its position distinctly, "The AAUP desires that Oakland provide its faculty with health insurance coverage comparable to the coverage provided other faculties at similar universities in the community. Both Eastern and Central University have Blue Cross-Blue Shield with master medical IV for their faculties and Wayne State University has a Blue Cross-Blue Shield metro health plan... Further, we believe that only Blue Cross-Blue Shield can provide our membership with convenient claim processing and a security of nationwide recognition and acceptance and the protection of public supervision of a non-profit corporation."

This issue would not seem to be as difficult as the parties apparently have made it. I see no reason, if the faculty considers

another plan more desirable and if the same dollars are involved, why it isn't feasible to move to another plan. It is our view that the faculty, again recognizing that there are individual variations in the benefits program of rival concerns, should have that coverage that it prefers, given the same amount of dollars. It is, therefore, Recommended: The parties should agree on Blue Cross-Blue Shield benefit coverage as set forth in the submission of the Association, specifically, Association Exhibit 6 and Exhibit 8, provided that the parties put dollar limits contractually on the cost of the coverage, dollar limits being not in excess of the dollar amounts the University would have spent for benefits under the present coverage with American Community Mutual Insurance Company as those costs are projected for 1976-1977 or (2) The University shall grant a general benefit to the Association in this same dollar amount, and the Association shall select a third carrier providing substantially similar benefits provided, however, that the program will not be administered in the technical sense by the Association itself.

III - Delta Dental Insurance Plan

The Association has made a request for a dental insurance plan. Since no testimony was taken from any representative of Delta Plan, we do not have sufficient before us, to make a careful and reasoned evaluation. As we are all aware of catastrophic health care increases under Blue Cross-Blue Shield and equivalent programs, we may question whether or not as the Delta Plan receives wider acceptance, there will be substantial costs problems. Nor do we know precisely what the administrative problems will be as the volume increases substantially. More importantly, no other comparable Michigan university or college presently has the Delta Plan. It is our judgment that this Fact Finder should not "trailblaze" on this issue, given the uncertainties that are noted. It is Recommended by the Fact

Finder that the parties not contract for a Delta or another dental plan this year.

IV - Life Insurance

The University provides now each full time faculty member with an amount of term life insurance equal to the base compensation for the next multiple of \$1,000. In addition, the beneficiary of a faculty member who dies before retirement also receives the full current value of the faculty member's retirement annuity. The benefits increase as the number of years of service increase. The term insurance is approximately double the value for senior faculty as for junior faculty. As a faculty member goes through the academic levels and ranks, in rank he contributes an increasing amount each year to his retirement annuity. In result, it amounts to a greater benefit for beneficiaries of senior faculty and junior faculty.

It is readily observable that needs of a faculty member's beneficiaries at various stages of his career do not follow the increasing benefits of the present term insurance and the retirement annuity. The junior faculty members have needs, such as housing and protection of growing children that senior faculty members may not have, and in the 40's and 50's the faculty members have the heavy drain of educating their children.

The Association's proposal makes sense to the Fact Finder. The particular plan offered by TIIA shows that four units of this collective life insurance would have cost \$48.00 per faculty member a year last year resulting in the doubling of the guaranteed benefit enjoyed the last few years.

Introduced into evidence and studied by the Fact Finder is the histogram showing the age distribution of full-time faculty during 1975-1976. The histogram shows^{the} appeal of the requested coverage. A projection of the 1976 benefits shows as follows:

Present Age

M F

1976
Benefit

25	30	\$46,880
35	40	35,840
45	50	15,280
55	60	6,160

The economic data presented on this issue and the cost projection convince the Fact Finder that this is a request of the Association that has persuasive merit. It is Recommended.

V - Travel Funds

The Association is also requesting travel funds for attending professional or scholarly meetings. The replacement of 58,000 with 63,000 the contracted fund has risen, it is said, by an average of about 10% a year in the past three years. The original request was 10,000 is now 5,000. All that was placed before the Fact Finder was the demand and the history of the funding of travel. We do not have enough before us to show the use of travel funds and the benefits that result to the University and to the students. We cannot find a persuasive case has been made here and it is Recommended that no increase in travel funds be contracted.

VI - Research Funds

The Association asks an increase in research funds from \$65,000 to \$70,000. The research committee of the University promotes scholarships, advanced studies and research among the faculty and staff. The funding has been of two types to date: research grants covering a 2,000 to 3,000 stipend and supplies and services up to \$600. The fund has grown from 1971-1972 from \$22,500 to \$65,000 in 1975-1976. The research monies have risen by an average of 11% a year over the past four years and the ceiling on research grant funding has risen from \$500 to \$600 effective

October, 1973. It is argued that research funding should be increased at the rate of inflation in order to maintain comparable funding and that the additional \$5,000 would allow the ceiling on research grants (which ceiling has now been maintained for three years) to be increased to \$700.

One of the great strengths of Oakland is the high percentage of PhD's and its emphasis upon research. It is wise public policy to encourage and to strength research. Research has a tremendous potential benefit for the university community and for the general public. This University, through the years, wisely has shown a strong emphasis upon research. Relatively, it has done well; it should be further encouraged. The proposal for a modest increasing in research funds from \$65,000 to \$70,000 is sound. The Fact Finder Recommends the grant of this request.

Posture of the Present Contract Dispute

The University and the Association have had what might be called contemptuous bargaining history resulting in the withholding of services by the Association members. There does not seem to be yet full maturation of the bargaining relationship. Yet, last year there was a settlement by direct negotiations between the parties. On the basis of one day's hearing, it would be presumptuous for the Fact Finder to say he has an acute sense of the chemistry of the relationship or the real climate of the present bargaining impasse, but he does draw an inference that in this contract dispute, somebody has made miscalculations either as to timing or as to substance. It appears more a matter of too late than too little. The Fact Finding process as worked out and as suggested by Judge Webster and ordered by MERC Director Mr. Pisarski has given the parties a pause - an opportunity to take a detached look at the dispute and at themselves.

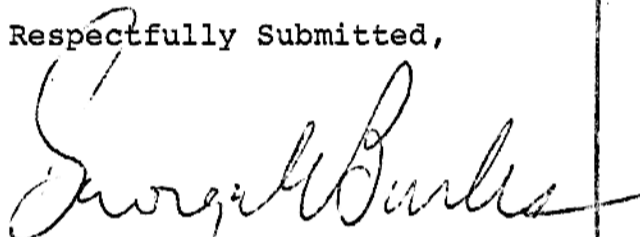
We do not see such differences either as to economics or philoso-

phy so profound that they are insoluble. Certainly, the issues submitted to the Fact Finder present no real unique problems - no great confrontation of principle that should embolden either party to challenge the other at the risk of a stalemate of negotiations and to the detriment of the educational process.

In brief, we see nothing here that shouldn't be resolved and resolved rather quickly, by parties who are motivated to reach an agreement and who, in their conduct with each other and with the mediator, will engage in good faith collective bargaining.

The Fact Finder is confident that the parties with the assistance of their able counsel can bring the long contract dispute to early conclusion.

Respectfully Submitted,



George E. Bowles
Fact Finder

Dated: September 22, 1976
Plymouth, Michigan 48170