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MICHIGAN EMPLOYMENT RELATIONS COMMISSION
PUBLIC EMPLOYMENT RELATIONS
FACT FINDING HEARING

(Pursuant to Section 25 of the Michigan Labor Mediation Act, Mich. Stat. Ann. 17.454(27), and Part 3 of the General Rules and Regulations of the Employment Relations Commission.)

In the Matter of:)
)
)
RAPID RIVER SCHOOLS)
)
-and-)
)
RAPID RIVER EDUCATION)
ASSOCIATION)

REPORT OF FINDINGS

AND

RECOMMENDATIONS

HEARING OFFICER:

Dr. William E. Barstow, Jr.
Michigan Technological University
Houghton, Michigan 49931

September 16, 1970

Rapid River Schools

I.

HEARING PROCEEDINGS

August 25, 1970 Petition for fact-finding filed by Rapid River Education Association.

September 1, 1970 Hearing ordered and fact-finder appointed by Michigan Employment Relations Commission.

September 2, 1970 Hearing held in the Multi-Purpose Room of the Rapid River Elementary School, at Rapid River, Michigan, at which were present:

 (a) For the Board of Education:

 Gary Nieuwenkamp, Vice President
 Gerald E. Manville, Superintendent of Schools
 Loyst E. Trombley, President
 Henry E. Vietzke, Trustee
 Elizabeth M. Wilbee, Secretary

 (b) For the Education Association:

 Ross Rhoads, President
 Ronald Patrick, MEA, Consultant
 Robert Hager, President-Elect
 Romona Wescott
 Arthur Vasold
 Marceline Waak

September 16, 1970 Report of Findings and recommendations issued pursuant to hearing.

II.

ISSUES IN DISPUTE

RAPID RIVER

ISSUE NO. 1 - SALARY

Board's Position: BA - \$6,900 base - 4% MA - \$7375 base - 4%

	<u>BA</u>		<u>MA</u>
0.	\$ 6900	0.	\$ 7375
1.	7176	1.	7670
2.	7463	2.	7976
3.	7761	3.	8295
4.	8071	4.	8626
5.	8393	5.	8971
6.	8728	6.	9329
7.	9067	7.	9702
8.	9429	8.	10090
9.	9806	9.	10493
10.	10198	10.	10912

EA's Position: \$7300 base with .04 index

	<u>BA</u>		<u>MA</u>
1.	\$ 7300	1.	\$ 7900
2.	7592	2.	8216
3.	7895	3.	8545
4.	8211	4.	8887
5.	8539	5.	9242
6.	8881	6.	9612
7.	9236	7.	9996
8.	9605	8.	10396
9.	9989	9.	10812
10.	10389	10.	11244
11.	10805	11.	11694

ISSUE NO. 2 - INSURANCE

Board's Position: \$17.60 per month (same as 1969-70)

EA's Position: \$30.00 per month for 12 months

RAPID RIVER

ISSUE NO. 3 EXTRA CURRICULAR, NON-ATHLETIC

Board's Position:

EXTRA DUTY SCHEDULE

Play Director	\$150.00
Year Book Advisor	150.00
Debate	100.00
Forensics	100.00
Senior Class Advisor	150.00
Junior Class Advisor	75.00
10th Grade Advisor	50.00
9th Grade Advisor	50.00
8th Grade Advisor	25.00
7th Grade Advisor	25.00
Bookstore Director	150.00
Athletic Director	300.00
Cheerleader Advisor	100.00

OTHER DUTIES (PER EVENING)

Ticket Taking	\$7.50
Ticket Selling	7.50
Timer	7.50
Scorer	7.50
Bus Chaperone	7.50
Music Supervision (Spring Festival, Baccalaureate, Graduation)	7.50
Refreshment Supervision (Homecoming, Parent's Night, Graduation)	7.50

EA's Position: Percent of Individual Teacher's Salary

EXTRA PAY SCHEDULE

Play Director	2.25%
Yearbook Advisor	2.25%
Debate	2.5%
Forensics	1.5%
Senior Class Advisor	3.0%
Junior Class Advisor	1.5%
10th Grade Advisor	1.0%
9th Grade Advisor	1.0%
8th Grade Advisor	.75%
7th Grade Advisor	.75%
Bookstore Director	3.00%
Athletic Director	4.5%
Cheerleader Advisor	1.5%
Independent Study Advisor	1.5%

Other Duties per Evening	\$10.00
Driver's Education	6.00

III.

FINDINGS OF FACT AND CONCLUSIONS

Overall Position of the Association

The Rapid River Education Association (hereinafter referred to as "the Association") summarizes its general position through its Hearing Brief, page 3, in the following words:

"Through the use of exhibits the association intends to show:

- (1) The base salary of \$7300 is within the district's ability to pay.
- (2) The General Fund continues to increase.
- (3) The salary proposed by the Board of Education is not adequate compared with other MEA units.
- (4) The salary proposed by the Rapid River School Board is not adequate to meet the rising cost of living.
- (5) Local and state revenues are adequate to meet our requests.
- (6) Rapid River is a financially stable school district.
- (7) The insurance package offered by the Board is far less than other schools.
- (8) Many of the other school districts are offering better extra duty pay."

Taken by itself, the Association's first contention might seem to be correct. The school district will work with approximately \$70,000 in new money during the 1970-71 school year. However, it is too simplistic to consider such a specific contention in isolation. For example, a \$7300 base for salary schedules results in added cost of about \$43,000. When this is combined with other parts of the Association's economic demands, the total demand becomes about \$50,000, or about 71% of the new money. The question of whether the district is able to devote a 71% share of new moneys to salaries and fringes is dependent on such factors as collateral school district needs or problems, customary instructional compensation in school districts with a similar economic base in this geographic area, variances in such externals as cost-of-living, and the like. The Hearing Officer finds that the accuracy of this contention involves a value judgement, and will consider the question further in formulating his recommendations.

The Association's second point is that the General Fund balance of the school district continues to increase. However,

the Association fails to show that the present level of about \$10,000, not all of which is liquidated, is other than a minimal amount required to operate this half-million dollar enterprise. The Hearing Officer finds that this contention is correct only in specifics. In pragmatic terms, the Association's implication that the General Fund shows an unnecessarily large or excessive balance is incorrect on the facts presented.

The Association's third assertion, that the salary proposed by the Rapid River Board of Education (hereinafter referred to as "the Board") is inadequate compared with other M.E.A. units, is demonstrably true. Based on forty-four 1970-71 contracts already settled in this geographic region, about one-third of which are from Class "D" school districts with economic bases at least as marginal as that of Rapid River, the Board's salary offer would represent the lowest minimum and a maximum at about the 25th percentile in both bachelor's and master's degree salary schedules. The Hearing Officer finds that this contention is correct.

The Association's fourth contention, that the cost-of-living increase exceeds the Board's offer is demonstrably accurate also. The Board has offered a \$300 increase, from \$6600 to \$6900, on the bachelor's degree base, and from \$7075 to \$7375 on the master's degree base, both schedules with a 4% progression in 11 increments. This is a 4.5% increase at the base, while the cost-of-living increase during the pertinent period was 6.1%. The Hearing Officer finds that the Board's offer does not cover the cost-of-living increase during the past year.

The Association's fifth contention is that local and state revenues are adequate to meet its economic demands. Like the Association's first contention, this point is accurate only if it is to be assumed that the issue of salaries should be given priority over other school needs and other considerations customary to wage determinations. The Hearing Officer finds that this contention again requires a value judgement, and will consider it further in formulating his recommendations.

The Association asserts that Rapid River is a financially stable school district. On the facts, this is correct. There have been no major changes in the local industrial base such as have occurred in Ironwood or Calumet in the Upper Peninsula. However, this is not to imply that the district is prosperous. In fact, the sharp variance between the average wage earner income of \$4,500 - \$5,000 in Delta County and the average expendable family income of about \$7,300 suggests many marginal employment situations.

The Hearing Officer finds the school district's financial status to be stable but relatively marginal. The State Equalized

Valuation of the district is \$8,278,425, and the district is operating on 22 mills, 8 allocated and 14 voted. There is about \$14,450 behind each student in this district, as against a state average of about \$15,550.

The Association's seventh contention is that the Board's medical insurance offer is extremely low. Out of 34 school contracts for 1970-71 in this area, including about one-third in comparable economic circumstances, the offered flat payment of \$211 per teacher is 31st, or about at the 10th percentile. These data are not contradicted, and the Hearing Officer concludes that the contention is correct.

The Association's eighth contention is that many school districts offer better extra-duty compensation (excluding athletic instruction). Data presented is sparse, and in any event, comparisons are difficult to make with any degree of certainty in this area because the typically fragmented nature of such fringes involves "apples and oranges" relationships. Certainly it is true that "many" school districts offer higher compensation for some non-athletic extra-duty work, but no information is available concerning the nature or quantity of effort required. It is also obvious that "many" school districts offer less compensation for some extra-duty assignments. Also, several types of extra-duty work are filled by volunteers, and could as well be performed by personnel outside the bargaining unit. The Hearing Officer finds that the seeming implications of the Association's contention are not substantiated on the facts available.

Overall Position of the Board

The Board contends that its offer of increased salary (\$30,000 of approximately \$70,000 in new money, or about 43%) is severely limited, and added fringes are made impossible, by the following problems:

1. Excessive class sizes have compelled immediate employment of two additional teachers at the elementary level,
2. Accreditation (recently re-acquired) is again threatened by failure (a) to offer full mathematics and science curricula concurrently, and (b) to offer two foreign languages concurrently, and two further teachers at high school level are needed in the near future.
3. Lack of adequate classroom space compelled purchase from operating funds of several temporary portable classrooms.
4. Transportation costs are inherently high because of the physical distribution of the school population.
5. The school district is only now emerging from a period of financial deficit, and cannot risk return to a deficit situation.

Information offered by the Board concerning class size is

certainly persuasive. Class sizes only through 6th grade during 1969-70 included six with over 30 students. The Board cites the critical status of reading skills demonstrated by the fact that the district was only at the 17th percentile for the Upper Peninsula region in state wide achievement tests last year. While low reading achievement is affected by multiple factors, of which class size is but one, the prior situation is undesirable by accepted modern educational standards. The Association's contention that it has never demanded class size limitations is irrelevant to the question of whether added teachers are needed. The Hearing Officer finds that teacher additions were justified, but notes that these additions will add only about \$14,000 to the compensation budget.

The need for additional curricular offerings asserted by the Board is also persuasive. However, this does not affect the 1970-71 budget, and therefore is irrelevant to the purposes of this hearing. The Board does not indicate whether it has explored the possibility of solving its problems in this area by cooperative exchanges of curricula with nearby school districts. The Hearing Officer finds that this problem, while real, has no bearing on the immediate dispute.

Physical examination of the school structure clearly demonstrates the need for the portable classrooms purchased. This has required a commitment of about \$5,400 per year for the next five years. The Association points out that the district's building and site expenditures nevertheless are low. However, the Hearing Officer finds that the costs are both justified and significant.

The Board stresses the size of its transportation costs. The school district last year spent about 11% of its budget, or \$40,000 for 8 buses driving over 100,000 miles over 7 routes to transport over two-thirds of its students. The Hearing Officer finds that this transportation requirement is higher than in the usual school district, and is a significant budgetary stress.

While the fact that the school district is only now emerging from a deficit situation does not directly affect the issues of the present hearing, it may well be a contributing factor to a generally cautious approach by the Board to personnel compensation, and may compel somewhat higher budgetary allocations in areas slighted in previous years. The Hearing Officer finds that this problem is only indirectly relevant to the issues in immediate consideration.

Collective Bargaining

The conclusion is inescapable that there has been an almost total lack of real negotiation over economic issues of the 1970-71 contract. The Board made its economic offer in May and, so far as the testimony indicates, has not altered its position in any particular since then, although over \$27,000 in state aid has

since become available. While there is no legal or moral requirement that any party yield on particular points that it considers significant, the process of negotiation by definition demands some measure of flexibility. Such flexibility has not been apparent in Board positions in the recent bargaining.

The Hearing Officer is personally sympathetic to the decisional and emotional stresses experienced by a Board of Education and a community trying to extricate their school district from serious financial problems in the recent past, and to simultaneously upgrade the quality of educational offerings, all in an environment that includes both a marginal economic base and an inadequate physical plant. Nevertheless, it is necessary to find that the Board has been unduly cautious and reluctant to explore alternative ways to "skin a cat" in relation to economic issues. Board spokesmen have not communicated well, in any sense of that term.

Basic Salary Schedules

The determination of equitable salary schedules for public school employees inevitably involves value judgements. Customarily, the primary considerations are (a) the purchasing power of the dollar, sometimes called the cost-of-living or real income, (b) compensation levels of other school districts in the same geographic area with a similar economic base, (c) ability of the school district to pay.

It is obvious that the 6.1% increase in cost-of-living during the past year indicates an increase of at least that size if competitive rates in other comparable school districts and available moneys do not indicate otherwise. In the present circumstances, there is about \$70,000 in new money available from which to provide a full cost-of-living adjustment, which would cost only about \$19,000. About \$14,000 also will be required to pay the two added teachers, for a total of about \$33,000 needed just to equate salaries with the cost-of-living increase.

Review of present settlements for 1970-71 by Class "D" schools in the Upper Peninsula region with similar economic bases suggests that a somewhat higher percentage ranging from 7 - 8% has been a frequent practice. Adjusting the above minimum salary offer necessary to equate with such practices suggests a new bachelor's degree base of \$7,100, or an increase of about 7.6%. The total cost of this adjustment, plus moneys for the two added teachers, would be about \$37,000.

It is the opinion of the Hearing Officer that the Board faces genuine problems involving its addition of two teachers, its purchases of new classrooms, and its high transportation expense. The last problem is a continuing one. However, the Hearing Officer finds that these problems are not sufficiently serious to prevent the Rapid River school district from paying salaries competitive with such schools as Brimley, Pickford, Norway, Portage Township,

Bergland, Bessemer, Wakefield, or Garfield Township.

On these bases, the Hearing Officer finds that a bachelor's degree base of \$7,100 is equitable. For analogous reasons, a master's degree base of \$7,600 is found to be equitable. There is no apparent reason to vary the established pattern of 11 salary gradients progressing at 4% for each schedule.

Medical Insurance

The school district has \$17.60 per month to each teacher as partial compensation for medical insurance. The Association demands that this be increased to \$30.

The problem inherent in both of those approaches is that they treat the medical insurance fringe as direct compensation, which it can never be and still accomplish either its practical or theoretical objectives.

The philosophy underlying employer assumption of the cost of medical insurance is that (a) the health of the employee should be a cost of doing business, and (b) freedom from financial catastrophe due to family illness makes an employee more physically and emotionally secure and therefore more reliable and productive. Perhaps because this view is persuasive, about two-thirds of regional teacher settlements have either incorporated full cost assumption of a full family insurance plan in accordance with the family status of each individual teacher or have approximated that cost.

The Hearing Officer finds that the interests of the individual teachers, the school administration, and the community will be best served by the school district's assumption of full family medical insurance for each teacher as his or her needs shall appear.

Extra-Duty Other Than Athletic Instruction

The Association's demands in this area were never seriously negotiated with the Board. The demands are supported by what, at best, must be considered insufficient data. Even where data exists, comparisons are rendered questionable by the absence of workload standards. The Association proposes a new percentage approach to such compensation, which would further complicate analysis.

In view of the above factors, the Hearing Officer is unable to make findings or recommendations on this issue (actually, a composite of between 15 and 20 issues). The parties must negotiate their own resolutions of this fringe structure.

Summary

The total cost to the school district of the recommendations analyzed above will be about \$42,000, or about 60% of the \$70,000 of new moneys available to the district. This is a typical and acceptable distribution level in this state.

IV.

RECOMMENDATIONS WITH RESPECT TO THE ISSUES

Basic Salary Schedules

<u>Gradient</u>	<u>B.A. Degree</u>	<u>M.A. Degree</u>
1	\$ 7,100	\$ 7,600
2	7,384	7,904
3	7,689	8,220
4	7,986	8,549
5	8,305	8,891
6	8,637	9,247
7	8,982	9,617
8	9,341	10,002
9	9,715	10,402
10	10,104	10,818
11	10,508	11,251


Medical Insurance

The school district to pay 100% of either single subscriber or full family coverage under the basic MEA Health or Blue Cross-Blue Shield insurance plan, as the needs of each individual teacher shall appear.

Extra-Duty Compensation Other Than Athletic Instruction

The parties must negotiate any change because no sufficient data is presented by the hearing on which to base a recommendation.

Respectfully submitted,


William E. Barstow, Jr.
Hearing Officer