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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

In the Matter of Fact Finding

between

ROGERS CITY AREA SCHOOLS

and

NORTHERN MICHIGAN EDUCATION ASSOCIATION

REFERENCE:

MERC Case No. G88 H-672

Report and Recommendations
of the Fact Finder

On review of the application for fact finding filed by the Northern Michigan Education Association/MEA/NEA on December 22, 1988 and received by the Michigan Employment Relations Commission on January 3, 1989, the undersigned was contacted by the Commission by letter, dated January 31, 1989, concerning his availability to serve as its Fact Finder and Agent in the above-entitled matter. Through telephone conversations with the representatives of both parties, it was agreed, as indicated by confirming letter to the parties from the Fact Finder, dated February 15, 1989, that a pre-hearing conference would assist in clarifying the many issues at impasse. That conference was held in MERC's office, Room 111, 309 N. Washington Square, Lansing, from 9:30 a.m. until 12:40 p.m. on March 20, 1989. It was agreed at this conference, as confirmed by the Fact Finder's letter, dated March 22, 1989, that the presentation of issues, remaining and certified to be at impasse, would be made and a hearing would be scheduled on site in early May. The Hearing was conducted at the District's central offices, 251 W. Huron, Rogers City, Michigan, from 9:00 a.m. until 8:00 p.m. on Friday, May 5, 1989, and from 9:00 a.m. until 4:30 p.m. on Saturday, May 6, 1989. Due to the concerns of the parties with the end of the school year approaching, it was agreed that in lieu of posthearing briefs by the parties themselves, the Fact Finder would summarize and ennumerate his understandings of the issues and the individual arguments in support of each party's position on each issue; submit those respective summaries to each party's identified representatives within one week, which he did as of May 11, 1989; and receive within one week thereafter any revision of the details of the parties' respective positions, including a final opportunity for acceptance of any mutual resolution by the parties themselves. This final process, preliminary to the issuance of this Report was completed on June 2, 1989, when the official record of the Hearing was closed finally by the Fact Finder.

Rogers City Area Schools

FACT FINDER AND AGENT: David T. Borland appointed under the procedures of
the Michigan Employment Relations Commission

REPRESENTING THE PARTIES:

<u>District-</u> John H. Gretzinger Clary, Nantz, Wood, Hoffius, Rankin & Cooper 500 Calder Plaza 250 Monroe Avenue, N.W. Grand Rapids, MI 49503	<u>Association-</u> Claude D. Hinman Michigan Education Association 452 West Baldwin Alpena, MI 49707 Tom Taylor MEA Bargaining Consultant 1216 Kendale Blvd P. O. Box 2573 East Lansing, MI 48826
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APPEARANCES FOR THE PARTIES:

<u>District-</u> Delmar Conley, Superintendent Donald C. Schaedig, Business Manager Alfred I. Bradbury, Equalization Director- Presque Isle County Charles A. Rhode, County Commissioner- Presque Isle County	<u>Association-</u> Duane Maxwell, RCEA President Liza Petz, Professional Negotiations Team Chair Don Trafelet, Bargaining Team Member Beth Getzinger, Bargaining Team Member Sue Manierston, MEA Research Staff M. Kay Hinman, MEA Staff Doug Schroeder, MESSA Field Representative Susan Sonalia, MESSA Benefits Manager
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INTRODUCTION

The Board of Education (School Board) for the Rogers City Area Schools (District) is located in the Northeastern Lower Peninsula community of Rogers City, Michigan on the shores of Lake Huron. The District provides for the educational needs of this community with approximately 900 students in the current 1988-89 school year. The Rogers City Education Association, which represents currently 49 (46.8 FTE) employees, including certified personnel, such as personnel on tenure, probation, classroom teachers, guidance counselors, and librarians, but excluding all others such as administrative, custodial, cafeteria, transportation, and student and substitute employees, in the District, is organized through the area Northern Michigan Education Association/MEA/NEA (Association) with which the

Rogers City teachers voted to join in 1976.

When the 1984-87 Master Agreement expired, the parties entered into a one year contract for the 1987-88 school year, which expired on August 31, 1988 (Dx-1). Negotiations between the parties in the Winter of 1988 were expedited in the attempt to attain a fully ratified contract prior to the millage election of June, 1988, but these bargaining sessions were not successful in that goal. Following the millage election, negotiations continued until August, 1988, when a State Mediator assisted the parties in the continuing attempt to resolve issues at impasse. Those mediation sessions were held on August 29, September 13, and November 29, 1988 for five hours, 4½ hours, and five hours respectively, resulting in a final offer by the District at the public School Board meeting of December 12, 1988, which was not acceptable to the Association.

A Petition for Fact Finding, dated December 22, 1988, was filed with the Michigan Employment Relations Commission and the present Fact Finder and Agent was appointed and conferences and hearings were held as indicated hereinabove. Both the Association's Petition for Fact Finding and the District's response indicated that while negotiations had taken place on each identified issue, the proposals of each party represented a package, which each argued must be accepted in its entirety, so that the proposals individually could not be considered valid separately. As a result of this stance by each party, this Fact Finder received with the Petition for Fact Finding a full package of proposals from each party, all classified within the status of impasse.

At the prehearing conference on March 20, 1989, the Fact Finder made the parties aware of his surprise at the volume of issues remaining at impasse. While the parties' representatives assured the Fact Finder that there actually were only a few general issues, some having been resolved by the parties between the Petition and the prehearing conference, the Fact Finder, after much study,

concluded that 26 specific issues still were unresolved on March 20, 1989. While the parties' representatives were correct that only a few basic issues were at impasse, each of these issues had several, particular aspects, each of which would require the Fact Finder's study, analysis, and consideration for appropriate recommendations to be made, all requiring additional time to put into the writing of this Report and Recommendations. The Fact Finder, therefore, encouraged the parties to continue resolution efforts mutually, prior to the fact finding Hearing in May, in order to reduce this unwieldy number of issues.

During the interim period between the prehearing conference and the Hearing itself, the parties did continue to meet, telephone, discuss, and exchange correspondence, from which the Fact Finder received reports at two intervening points. The parties informed the Fact Finder of their progress, as of April 7 and April 19, 1989, which the Fact Finder's analysis concluded finally resulted in 17 issues remaining at impasse as of April 7th and 14 issues as of April 19th. The parties did resolve themselves mutually the issues of: two-way interactive TV, softball coach @ 7% (\$2000 program maximum), 1988-89 school year calendar, priority recall of bargaining unit members, early retirement incentive, elementary conference periods, sick leave payout, seniority credit for part time employees, make-up days, use of school premises by the Association, personal leave, and layoff/recall criteria.

At the subsequent and brief prehearing conferences on May 5 & 6, 1989, just prior to the opening of the fact finding sessions themselves, the 14 remaining issues at impasse were confirmed to be:

A) Salary:

- 1- schedule increase
- 2- index adjustment
- 3- longevity
- 4- prorata salary for part-time teachers
- 5- step-up on the schedule
- 6- Appendix B- only compensation rates for Adult & Drivers Education, High School Completion and Summer School

- B) Health Care: 7- premium caps
 8- coverage by dependents' employers
 9- optional alternate carrier
 10- prorata coverage option for part-time teachers
 11- dependents' benefits after death
- C) 12- Junior High School Periods
- D) 13- School Calendars for 1989-90 and 1990-91
- E) 14- Duration of the Master Agreement

At the conclusion of the fact finding Hearing, presenting and considering these 14 issues, the parties stipulated that these were the only issues remaining at impasse and that resolution of these issues would result in a tentative master agreement, subject only to formal ratification by each constituency.

Prior to the adjournment of the Hearing, in bilateral discussions between the parties' representatives with the Fact Finder participating, mutual concerns were expressed by the parties about the timeliness of the Fact Finder's Report and Recommendations with the school year to expire on June 1, 1989. Also, with the parties' understandable desire to be sure that the Fact Finder understood each point within the respective parties' positions on each issue, they wanted an opportunity to file posthearing briefs. Given the representatives' crowded schedules for the immediately ensuing two week period and the Fact Finder's open week immediately following the Hearing, the parties agreed and requested that, in lieu of their own posthearing briefs, the Fact Finder summarize his understandings of each party's respective position in writing within that following week and send it to each representative and one additional designee for each party and that each party would consult, review, and respond to that summary of its own position immediately thereafter.

The Fact Finder did summarize each parties' position on each issue and forwarded the respective summary on May 11, 1989, still encouraging the parties to

resolve/reduce the number of issues to which he had to address himself within the Report and Recommendations, given the time constraints of the parties and his own calendar restrictions thereafter. Additionally, confirming oral notice to the parties' representatives at the Hearing, the Fact Finder also reminded the parties that given these commitments in his calendar, he could only guarantee that his Report and Recommendations would be issued within 30 days of the receipt of their responses, but that he would make a full, good faith effort to respond as quickly as possible.

Due to the illness of the Association's representative, his written response was delayed and it was received on May 30, 1989. Subsequent telephone calls with the representatives of both parties confirmed final details of their respective positions and confirmed also that only the partial, final issue of impasse concerning the Appendix B rates, was resolved mutually during the interim period of time and officially removed from the Fact Finder's authority. The Hearing record was closed officially on June 2, 1989.

The following Report and Recommendations, therefore, represent the 13 issues remaining at impasse, resolution of which will result in a tentative master Agreement.

FINANCIAL STATUS OF THE DISTRICT

At the core of any negotiations' impasse in public education is the financial health of the individual school district in which specific proposals are being made to determine the priorities by which the parties plan to interact mutually over the next few years. In the attempt to provide this vital base for the Fact Finder's consideration here, each party presented testimony and documentation about the various elements, which comprise the financial status of the Rogers City Area Schools.

While the parties indicated that they had very little mutual dispute about the general financial status of the District, nonetheless, each presented its own exhibits to support its respective positions with regard to the issues at impasse, reflecting their own priorities for the immediate future of this employment relationship. Specifically, the District's presentation included comparative data (1) within the District on actual budgets and projected budgets (revenues, expenditures, and fund equity levels) and the relative impact of each party's proposals and of the other District bargaining units, and (2) external to the District on the District's relative position in SEV levels, populations, teachers' salaries, longevity, health care costs, calendar work days, and junior high school schedules. The Association presented data on these same specific elements, emphasizing, however, the relative financial differences in bargaining positions and impact on the District's financial status and the comparative positions and specific rankings of the Association's members and the District with other school districts and their teachers within the region, NMEA, similar sized districts, and contiguous areas.

Without referring to each and every statistic and report (study) presented to the Fact Finder, this analysis will summarize the general positions of each party here with regard to the District's financial condition. The validity of

each party's economic analysis is very difficult to judge, through no fault of the parties themselves, but because (a) each has had to project from the current base into the future, where such elements as enrollments, revenues, expenditures, millage election results, and the fortunes of the State's financial condition also are based on varying projections, that is, projections upon projections; and (b) each party, understandably, has presented its best case with regard to its representative constituents' interests and needs. Following a summary of each party's position will be a concluding summary of the Fact Finder's general analysis, relevant to the construction of a base from which to better judge each party's subsequent proposals on specific issues.

Positions of the Parties

District

The District's position on the various proposals represents a realistic assessment of the current status locally, which must form the basis for the Fact Finder's recommendations. The Rogers City area represents a slow/no growth area, where many citizens have taken salary cuts or lost their jobs, and the District's budget must accommodate that reality. The District has moved to an out-of-formula funding status with the State, which essentially limits funding to local sources. While the District would like to be able to pay its teachers "state-average salaries," where the District's teachers during the next few years will average 15 years of experience (Dx-4), this cannot occur until the State of Michigan provides funding adequate to allow this transition. In the current negotiations, the District has steadfastly refused to enter into any collective bargaining agreement beyond the reasonable expectations of its funding, since it would be irresponsible for a district to agree to compensation increases that would put it into an immediate deficit situation.

The District has asked the community to respond in support of the District's needs, and in June, 1988, the community renewed millage levels and increased the total millage allocation by 4.75 mills. In large part, the need for this millage increase was presented to the community as a commitment to restore programs. In February, 1989, the District asked the voters to consider three millage proposals; a renewal of the existing millage, an increase of 2.35 in additional operating millage, and an increase of 1.9 mills for building repairs. The current operating millage was renewed, but the increased operating and maintenance millages were defeated.

Subsequent to these millage elections, a severe asbestos abatement problem has arisen, which is anticipated to cost the District an additional \$250,000 to \$300,000 during the next fiscal year, an amount exceeding the entire fund equity of the District, if no raises are given to teachers for the 1988-89 school year. It is not expected that the 2.35 mill increase in operating millage will be passed in June, 1989, although in view of the asbestos problem it is hoped that the 1.9 mills for maintenance will be adopted.

The slow financial growth results from recent minor increases in SEV levels in Presque Isle County, which showed a .22% increase for Rogers City Area Schools for 1989, which represents a \$187,130 increase in the District's SEV. In contrast, other adjacent counties in similar-situated school districts (Dx-6, Dx-11) have continued to receive SEV increases in the 5% to 7% range, which has allowed them to fund salary increases in the magnitude requested by the Association. It is not anticipated that the low growth trend of SEV will be reversed, since the valuation of the Michigan Limestone Operations will be reduced by \$1,000,000 each year for the next four years as part of a valuation settlement. In addition, there is an additional outstanding valuation challenge in the amount of \$100,00 by a local supermarket.

The District's proposals, based on current and projected costs in the two major areas of impasse presently (Salary, Dx-17, 20-22, and Health Care, Dx-16), represent a reasonable accommodation of responsible budgeting of community resources and bargaining demands of the Association (Dx-23 - Dx-25), as compared to adjacent school districts (Dx-26 - Dx-36 and Dx-38 & 39 respectively), state-wide settlements (Dx-37), settlements for Presque Isle County employees (Dx-46) and the benefits in state and local governments nationwide (Dx-40, 41, & 44). Significantly, the Michigan Education Association has already reviewed the financial status of the District in conjunction with its obligations as collective bargaining representative for the District's support staff, and its settlement (Dx-18, 19 & 42) reflects the need for a freeze for the 1988-89 school year.

Association

The resources of the Rogers City Area Schools can be encumbered to meet the reasonably based proposals of the Association. Despite the District's description of an area that is barely holding its own economically, there are many signs that the Rogers City area continues to expand in construction and real estate sales (Ax-85 - Ax-87), in occupational growth in the contiguous geographical area of Michigan's Northeast Lower Peninsula (Ax-71), in increasing SEV levels (Ax-23), and the community's willingness to renew current millage levels and even increase the total millage level by 4.75 mills recently, all to the benefit of the students and the community itself, as indicated by the Superintendent himself (Ax-72).

Similarly, when viewing recent comparable status with regard to historical rankings of the District over the past nine years (Ax-24 - Ax-32), it is clear that the District's levied operating millage itself has remained constant, but its ranking among comparable school districts is declining. Also, while the District's fund equity as a percentage of current operating expenditures has

declined slightly, its ranking among comparable districts has remained at very high levels. Further, while the District's expenditures per pupil of current operating expenditures experienced a rise for the few years immediately following the 1980-81 school year that placed it among the top of comparable districts, currently its ranking has declined to a level lower than before the increase, to rest now near or at the bottom of all other comparable districts.

More specifically, when viewing the Association's proposals, especially when considering recent increases in CPI levels (Ax-70) and their continuing and increasing impact on wages (Ax-69), it seems clear that, just in order to keep salary and benefits' levels at the status quo, those levels represent a realistic position by the Rogers City teachers. Regardless of the varying comparable groups (similarly sized, NMEA members, and contiguous districts), the Association's proposals recognize the community's real economic status more accurately than do the District's proposals and do not attempt to place its teachers at the highest comparable levels, but only to maintain the rankings' status quo (Ax-33 - Ax-61).

Similar attempts to simply maintain current rankings among these comparable school districts in salaries also is evident in the level of expenditures per pupil for the past nine years (Ax-62 - Ax-65). When viewing Rogers City teachers' status state-wide, it is clear that while the average teacher's salary is increasing across the State (Ax-67 & 68), the relative position of Rogers City teachers is accelerating in its comparable decline from about 12 percent lower nine years ago to a level 21.4 percent lower than the State average in 1986-87 (Ax-66).

Finally, with regard to the District's budgetary status, it is apparent that its fund balance remains at a consistent and healthy level for this past four years (Ax-17 - Ax-20). The District's gloomy projections of deficient fund

balances in the 1988-91 period of the proposed contract (Ax-23), not only include every possible contingency, but do not include (1) the District's own past history of errors in revenue and expenditure projections (Ax-16), (2) the reality of the current 1988-89 budget, where already major changes in projections have resulted in two budget amendments, adding \$71,492 of additional available funds to the District's discretion (Ax-21 & 22), (3) the fact that the EPA denied the District's application for financial assistance for the asbestos abatement problem, due to relative priorities of the actual hazard presented and the District's financial situation, (4) the inclusion of curricular "improvements," which limit available funds for a settlement, and (5) the District's failure to accept the millage "packaging" recommendations of its own citizens' committee.

Analysis

As the Fact Finder reviewed the many and various documents presented well by the parties' representatives, one comprehensive theme became evident. Each party wanted the new Master Agreement to reflect conformity. The Association wanted the disputed elements of this employment relationship to conform to (1) the status this District has experienced historically, rather than to regress, as the District's proposals seemed to indicate to the Association, (2) the Rogers City teachers' status with regard to their teaching colleagues, whether they be in contiguous, similarly situated, or NMEA represented districts or to state-wide averages, and (3) the general status of national CPI trends. The District viewed the economic impact of the issues remaining at impasse as needing to conform more to the realities of (a) a change in funding status to an out-of-formula district, (b) a slow/no growth economic base, (c) the contingencies of asbestos abatement requirements and pending assessment challenges to which the District has little choice but to react, rather than to act in any affirmative manner, and (d) contract settlements of Presque Isle area employees in various employment

environments. The pivotal consideration for the Fact Finder becomes one of first asking and then responding to the inquiry, "Conformity to what?" While these specific elements from the parties provide a conflict for the Fact Finder, he considered the following four general factors as the base from which his Recommendations could lead the parties to the mutual conformity needed to consummate their formal employment relationship for the ensuing Master Agreement.

First, the basic factor of the vast majority of the issues at impasse here is the general economic element these parties face as a new decade is about to begin. Initially, a reality that must be faced by these parties is that its basic funding status has changed to an out-of-formula criterion. The District's claim here, that such funding status is likely to remain in effect for the Rogers City Area Schools for the foreseeable future, was unchallenged by the Association. This reality requires a philosophical, as well as an economic, shift to rely heavily on the status of the local economy, rather than as heavily on Michigan's general economy and funding plans, as it has heretofore. As state legislators continue their marathon struggle with various plans, certainly, the local loss of a wider economic base for the funding of its schools, is relieved in some bittersweet manner for the District at least by a more stable knowledge of its own economic base.

Additionally, however, this more stable local predictability on revenue sources is affected by projections for the costs of living. While there has been abatement in the rate of increases in that factor for the past few years, the Association has noted that using the 1967 base for the CPI-U, an increase of six percent in salary alone would be needed to maintain the purchasing power of the District's teachers (Ax-69), while the Wall Street Journal reported in April, 1989, that an increase of 6.1 percent in CPI levels was recorded for the first quarter of 1989 (Ax-70). Even the District's own documents reveal an increase of four percent

for the end of 1988 through January, 1989 in the CPI-U rate, but using the revised base of 1982-84 (Dx-41). While many "experts" are forecasting that inflation rates will be controlled in the immediate future, the facts presented here leave little confidence for this Fact Finder in such projected conclusions. Even with any confirmed rise with the CPI factor, it must be remembered that some adverse effects would be felt also by the District's budget, as well as by the individual budgets of teachers.

Second, these state and national factors must be considered within the specific factors of the local revenue environment. The District has argued persuasively that the local economy, as measured by SEV levels and general economic activity, is in slow growth, averaging most recently .22% (Dx-10), but computing to 3.8% over the past two years (Dx-5), or averaging approximately 1.5% each year according to the testimony of Presque Isle County's Equalization Director. The Association's positions, relying on increased population and occupations in the area (Ax-71) and increased construction and real estate sales (Ax-85 - Ax-87), provide an indirect view of the potential for future county values upon which assessments will be based.

Further, the District argued that the County's SEV base was being reduced by \$1,000,000 each year for the next four years and that a pending \$100,000 challenge also could reduce local revenues for the District. In reviewing the School Board's Revenue and Expenditure Summary, 1986-87 - 1991-92 (Dx-24) reference is made only to the \$100,000 appeal, unlike an earlier version in January, 1989 (Ax-23). It must be concluded here that the effects of the known \$1,000,000 reduction has been factored into that Summary and the testimony of the Presque Isle County Equalization Director indicated that the effect of the \$100,000 appeal, if sustained, would be at the \$3,000 level for the District.

Finally, local revenues, obviously, are affected by school millage elctions. While a complete history of such elections in the District was not referenced by either party here, the results of recent elections revealed to the Fact Finder that the local citizens are precise in their desires. Rogers City residents, for example, passed by an overwhelming 2-1 margin a millage renewal, but by the same margin rejected a 2.35 mill, three year increase (\$196,000). The citizens also defeated a 1.9 mill increase (\$158,000) for building and site expenditures, having now to include asbestos abatement costs, by a margin of only 30 of the 1300 votes cast. Clearly, these citizens do not want increases, but unlike many citizens throughout the State or even the nation, have not taken a completely negative view of their collective responsibility for supporting their schools. Unfortunately, with the asbestos problem looming, however, their vote on the 1.9 mill increase may cut into even a minimal maintenance funding level, which also has to consider in, addition, the District's roofing problems.

Of particular concern to the Fact Finder, however, is the pending millage election which will be held just as this Report is being reproduced for distribution to the parties. Negotiation, at best, is an art, not a science, and while the Fact Finder had to issue this Report and Recommendations without benefit of the knowledge of the election results, he is very concerned that, regardless of these election results, impasse could be extended inappropriately as his Recommendations are considered in an ex post facto situation.

Third, with the elements and concerns of the revenue component of the financial equation within these negotiations having been addressed hereinabove, the parties each made particular arguments about anticipated expenditures. It is in this specific area that the general theme here of conformity comes into direct conflict with the respective and parochial interests of each party as to relative priorities. The expenditure of whatever revenues are forthcoming is always a

philosophical struggle of competing priorities, not only between the teachers and the School Board, but also among the various other employee groups with the School Board. As such, realities exist and as it becomes apparent that the currency facilitating such competing priorities is a closed-end commodity, the arguments in support of these independent interests often extend the boundaries of reason inappropriately within a negotiations' environment. Neither party here revealed an immunity to such an affliction.

For example, the District has argued that as to expenditures, it is concerned about the costs of implementing probably a mandatory asbestos abatement program at a cost of \$250,000 to \$300,000. That the District itself has allocated only \$50,000 (Ax-23) to that project within the fiscal year in which such project must be completed, certainly subverts its argued priority at a much higher funding level, even though the Fact Finder recognized the difficulty of cost estimates for that anticipated project and the uncertain status of any further applications for grants in this area. Similarly, the District seems to have ignored its additional revenues (Ax-21 & 22), when arguing that a deficit in fund equity would result in any concession to the Association's financial demands. A similar erosion of verifiable reasons existed, given the salary increases for the one year, 1987-88 Master Agreement of 14 percent (actually eight percent for all teachers, except for the sizable group at the top of the MA scale who received 14 percent), when the District argued that no increase was justified for the 1988-89 school year, as a type of "averaging" of salary increases across contractual boundaries. While such an element may be within the psychological environment, its existence within the world of collective bargaining ignores the sanctity of a mutually executed and final agreement between these parties, all without a hint to the Fact Finder as to the reasons for such a settlement then.

That this type of affliction is ecumenical is evidenced by the Association's continued claim of revenue projections' inaccuracies by the District, ignoring the unchallenged fact that the past three school years' projections presented here resulted in revenue underestimations of only 1.42%, .58%, and 3.00% respectively with an average of 1.67%, which is the exact level at which the current 1988-89 school year "error" is projected by the Association itself (Ax-16). Certainly, any claimed reference to any misleading or incompetent projections by the District cannot reasonably be given significant credibility in the Recommendations hereinbelow, based on these confirmed results. Similarly, any claim by the Association as to some a priori condition, requiring the exclusive dependence on the premium levels of one insurance carrier, while unreasonably ignoring the impact on expenditures of exploding health care costs, seems to have created conflict within the Association's own priorities, pressure from which inhibits the necessary communication for mutual resolution of impasse.

The fourth and final element, concerning the financial status of the District, relates to the differing bases for comparable situations to which the Fact Finder has been asked by each party to apply to his Recommendations for the Rogers City teachers. Again, the parochial interests of the parties have dictated the specific rationale for each party. While the use of comparable criteria generally vary to a wide degree and while the various configurations proposed by the parties here actually contained more similarities than conflict, it seems appropriate to the Fact Finder to carve out as much as possible a "comparable" containing those areas of mutual acceptability, as presented during these proceedings. The elements of this general comparable situation included only teachers, in the primarily contiguous school districts, in the Northeast Lower Penninsula, regardless of affiliation (Ax-1 & 71 and Dx-8 & 9), using the general geographical rationale of Arbitrator Roumell (Dx-7), but substituting school districts for the counties he used as an "equalizer," as a reasonable political entity for teachers, as compared

to the variety of Sheriff's employees in the bargaining unit with which he was concerned. While not all of the individual school districts on each list is included within this "comparable" here and although they are not precisely similar on each and every characteristic with the Rogers City Area Schools or their teachers, this combination seemed to be the most appropriate reference with which the Fact Finder could work to bring a consensus to his necessarily differential conclusions about each issue at impasse for these parties.

The school districts included within this comparable element for this Report and Recommendations formed the general reference point for the Fact Finder and are listed hereinbelow (Ax-1 & 71 and Dx-8 & 9).

Alpena

Atlanta

Cheboygan

Hillman

Inland Lakes

Johannesburg-Lewiston

Mackinac City

Onaway

Posen

Vanderbilt

Wolverine

ISSUES AT IMPASSE

It is difficult for the Fact Finder to segregate any impasse issues in this matter as being exclusively non-economic, given the parties persistent position that no tentative agreement may be reached on any of the 13 remaining issues separately; that is, all issues are related somehow to economic determinations here. While there are some issues that might be considered as non-economic, all issues here have implications for the economic conditions to be determined. In making such determinations, therefore, this Fact Finder could not ignore the respective impacts of all issues on the economic factors he was required to consider in attempting to meet his obligation to construct Recommendations thereafter.

As a base from which to judge the parties' positions on each issue, as they relate to the comparable group he constructed hereinabove from the respective arguments of the District and the Association, the Fact Finder summarized in the the following chart a visual and compact reference for his analysis and Recommendations (See chart on following page). Contrary to his own practice of making a distinct and specific Recommendation on each issue, however, the Fact Finder followed the adamant position of each party during this entire process at impasse, that only a properly constructed, and what each party viewed as equitable, "package" would be considered seriously. In taking their arguments to this extreme, even to and within this advanced stage of the dispute resolution continuum, the parties also simultaneously have committed themselves to such a "package," lest nit-picking or shopping among the separate Recommendations of the Fact Finder independently be used improperly by either the District or the Association to prolong this contractual dispute in the pursuit of parochial interests; that is, retaining the rights to have one's own cake and also to eat it, requires that one swallow it all, even if some of the crumbs tickle the throat on the way down.

Issue Status of Comparable Districts

DISTRICTS	SALARY		HEALTH CARE		CALENDAR (teacher)	REMAINING ISSUES
	Schedule 89 90 91	Longevity	Caps	Carrier		
Rogers City (proposed) Dist. Assn.	0 2 2 5 6 6	No 15- 4% 20- 6%	Yes No	Alternate MESSA	182 181	(Rogers City positions for both parties are found in the narrative portion of this Report for these more complex issues.)
Alpena	- 5 5	14-\$650 16-\$900 20-\$1150 24-\$1450	No	Blues or MESSA- pay difference	185	None of these districts were concerned with the dispute on Index levels.
Atlanta	7 6 6 1/2	10+ \$125	No	Blues or MESSA	184	
Cheboygan	4 - -	15-6%, 20- 12%, 25 18%	No	MESSA	182/ 181	With regard to prorata formulas in health care or salary determinations, some districts covered it generally, but most did not.
Hillman	6 6 6 6	16+ 4.3% 20+ 8.8%	No	Blues or MESSA	183	With regard to health care, no district was involved with coverage by spouse's employer and no provision was found for benefits to family following death of the employee.
Inland Lakes	7 7 1/2+ (SEV)	15-4%		MESSA	182	None of these districts had differing periods in the junior high school schedule, compared to the high school schedule.
Johansberg- Lewiston	5 5 5	11-4%, 16- 5%, 21-6%	No	MESSA	181 1/2	
Mackinaw City	5 7 7	11-\$500 15-\$1000 20-\$1500	No	MESSA or SET, pay difference	182/ 180	Of these districts' contracts presented, all had three year terms.
Onaway	\$1000 each year	None	No	Blues	183	
Posen	4 5 6	18-23 \$450 24+ \$600	No	SET or MESSA	181	
Vanderbilt	4 - -	Yes/No	No	MESSA	180/ 181	
Wolverine	5 - -	None	No	MESSA	180	

Each issue, therefore, will be presented and analyzed separately. The specific Recommendations will be deferred, until the conclusion of all of the separate analyses, and then "packaged" at the conclusion of this Report.

Duration of the Master Agreement

Positions of the Parties

While the Association prefers a three-year agreement, it wants the Fact Finder to fashion a Recommendation less than three years, if it would provide a better resolution of the dispute between the parties. The District has proposed to have a three-year collective bargaining agreement, one year of which will have expired. The normal purpose of an extended agreement is to have certainty in wages and fringe benefits for a specified period of time. However, with the District's financial situation being unsettled, it may be advisable to enter into a two-year contract, since once the millage election is held, the entire revenue picture will be fixed for the 1989-90 school year. Further speculation for the 1990-91 school year cannot result in a decision favorable to the teachers' salary demands, since only additional funding, perhaps from the State of Michigan, can result in reaching "state-average salaries," as requested by the teachers.

Opinion

The Association, essentially, has requested that the Fact Finder fashion a Recommendation that would provide a better resolution of the parties' dispute and the District is concerned, basically, about the unsettled condition of the District's financial status. In coming to the recommended conclusions, concerning the duration of the new Master Agreement between these parties, the Fact Finder stretched his mind and memory as far as he could to find any example of when any school district's financial condition was not "unsettled." He could find no such example--anywhere, publicly. Given the vagaries of public school financing, the Fact

Finder is not convinced that a settled period of the circumstances within school financing ever has occurred, even extending such search back to the life and times of Ichabod Crane in Sleepy Hollow.

The "better resolution" requested by the Association has been interpreted and recommended here to require that these parties get away from the bargaining table for a period of time, after these negotiations are completed. The parties negotiated for an extended period to consummate only a one-year Master Agreement for the 1987-88 school year-- a contract that still is being cited by the parties now as providing some of the foundation for the continuing present dispute. The parties have negotiated long and hard for the successor contract, only to butt into impasse again, requiring an exhaustive expenditure of energy also into mediation and factfinding processes, which upon completion still require further negotiations.

The time has arrived for these parties to exit this extended bargaining cycle and expend energy to mending the essentially facilitative employment relationship that is in abundant evidence here, as exhibited to the Fact Finder. Even with the Fact Finder's position here within practice in the public education sector of the employment relations community, however, the parties still will be required to begin a new bargaining cycle at most only one and one-half years after completion of this present bargaining cycle during this Summer of 1989. Collective bargaining is nothing more than the best predictions possible at the time they are needed and alternatives, both positive and negative for the parties' respective positions, which usually cannot be anticipated with precision by any reasonable manner or extended effort, will have to be accommodated then, just as has been occurring in Rogers City for the past 18 months as this bargaining has continued. When those "events" occur again within this employment relationship, the interests of each party, then, will be served best by representatives who are not as mentally fatigued

with negotiations, as these parties' negotiation teams and constituents, justifiably, are currently.

School Calendar

Positions of the Parties

The District has proposed to extend the school calendar from 180 to 182 days. Expansion of the additional two days will allow greater teacher contact days with students, and also allow necessary preparation and in-service days, resulting in greater professionalism within the staff and in the delivery potentially of better educational services to the students. The adoption of a 182 day calendar is very common, since this is the average number of days worked by all other teachers in Northern Michigan (Dx-12), which should be taken into consideration in comparing salary levels, since a teacher being paid \$30,000 a year and working 180 days is actually better paid than a teacher making \$30,000 and working 182 days.

The Association has agreed with the District in resolving this issue for the 1988-89 school year and has moved its proposal to 181 days for the 1989-90 school year and to 182 days for the 1990-91 school year, but the Association quite simply does not agree to provide more work days for anything less than a real improvement in salary. With the District's insufficient proposal for little increase in salary for the duration of this contract and with its proposal to cap the district's contribution to the teacher's health care premiums, it proposes to increase the teachers' workload for a raise of only \$2.87 per day. The Association's current offer is in line with other districts in NMEA (Ax-81).

Opinion

The Fact Finder really became aware of the intensity and need for each of these parties to have a "package," rather than individual and distinct recommendations to resolve this bargaining impasse, when he reviewed this particular issue.

Only during the latter stages of this Factfinding process were the parties even able finally to agree on the calendar for the 1988-89 school year, which ended the day the official record for this Factfinding process was closed. Now, that is . . . persistence! Whether the continuation of such persistence still existed here, when the two parties were separated by only one day reveals that this issue truly is a non-economic one, gaining its sustenance from the exhaltation of its foundational principle to the neglect of its required practicality. The content of the respective exhibits of the parties, as summarized in the chart hereinabove, reveal, essentially, the same data, which indicate that this specific issue should not be one to prolong this exhausting impasse.

Health Care

Premium Caps

Positions of the Parties-

The District proposes that it pay the full premium cost of \$332 per month for 12 months for each eligible teacher for the 1988-89 school year with the current insurance program, but that each teacher pay any increases in future premiums above \$350 per month for the 1989-90 school year and above \$375 per month for the 1990-91 school year.

The ultimate purpose of this proposal is not to obtain money out of the teachers' pockets, but escalating health care costs must be contained jointly to give the District necessary budget protection. While MESSA has a good insurance plan, its costs are not competitive; its relationship with MEA/NMEA leaves its motive here suspect; and its contractual restrictions with other carriers has restricted unfairly the options available to individual teachers and the District.

The options available to the District and to the Association through other carriers, providing for varying deductables and plans for employee predeterminations,

should be allowed to be considered. The Association has not made any effort to create real cost containment results and such options have not been explored, because the teachers have refused to discuss alternatives or to negotiate seriously. Rogers City teachers' receive much higher quality of benefits than do the citizens of the supporting community and other employee groups in the District and the County have provided alternatives, such as reopeners and salary adjustments, to accommodate the justified need. The alternative presented by the District is consistent with 20 percent of comparable districts, which provide for premium caps on employer costs for health care benefits. As health care costs escalate, there is a growing trend to require further participation by employees in the process and it is expected this percentage will increase dramatically during the next round of bargaining.

The Association proposes no change in the current contractual language on health care premiums for the following reasons. First, premium caps do not reduce costs, but only shift payment to the teachers, so the Association needs to guard against "out-of-pocket" expenses being transferred to the teachers, since traditionally, they have accepted better benefits in lieu of increases in salary. Second, premium caps do not reduce the use of medical coverage when such coverage is needed and required by unanticipated problems. Third, the Association has accepted health care plans in recent years that have less comprehensive benefits, which have provided less costly insurance premiums to the District, but with such acceptance the basic coverages, particular to teachers' needs (stress treatment, rather than on-the-job physical injuries), must be protected. Fourth, the District's comparables are not relevant, since other occupational groups have received different benefits, such as supplemental unemployment, relevant to their concerns, and that is what the teachers are requiring here.

Finally, it is the Association's position that 100 percent of the NMEA local associations are uncapped, which means having a choice, at least, of the "cheapest MESSA Health Care program, fully paid by the districts (Ax-73), such as in Mackinaw City and recently in Posen and Kalkaska and even in some contiguous districts, where they do not have MESSA insurance provided by the district; however, each has uncapped health insurance fully paid by the school districts.

Opinion-

The most difficult issue currently facing employers and employees and even fact finders, when impasse needs to be resolved, is health care insurance. The core of the difficulty is change-- from employees negotiating long and hard historically to gain the benefit, often at the cost of larger salary increases, as the Association argued here, then, acceptance by both employers and employees of the contractual status of the benefit, and currently to full frustration for both sides in the ability to influence the true causes for this change. Clearly, both parties here revealed their comprehensive understanding of their mutuality in frustration and fear in this area, which also seems contradictorily to be a pivotal barrier within this entire wall of impasse.

In this situation, however, it is very difficult for the Fact Finder to accept the Association's final stance on this issue for the following reasons. First, notwithstanding (1) its valid argument, that it has been cooperating with the District in past contracts by accepting health care programs with less features, while maintaining the high quality of its basic coverages, as a way to contain premium cost increases or (2) its historical and unapologetic position that excellent health care programs have been a high priority of teachers, its current position here cannot be supported. With exploding, current premiums of \$332 in 1988-89 (Dx-2), a 29.2 percent, one year, increase with Rogers City teachers, the problem itself suffocates by its magnitude even reasonable attempts to forestall its effects on all concerned.

Second, the Fact Finder understands that the current health care plan includes premium reductions due to the fact that the parties have adopted a MESSA package; nonetheless, such a plan requires forfeiture by the parties of any flexibility in "shopping" for comparable plans with smaller premiums. Further, such a package also requires that all bargaining unit members be enrolled, in order to qualify for the reductions in premiums; thereby, reducing individual options. Additionally, the testimony of MESSA personnel at the Hearing revealed the entangled web of side agreements among various health insurance carriers, which seems to prevent the very type of approach that is needed mutually by parties to contain these escalating premium costs. While the Fact Finder is aware that such agreements may well restrict the rise in some health care premium costs, such agreements do not address the problem with which he is faced here in relieving fear, frustration, and rigidity created by such a "system," toward the goal of consummating the difficult process of contract negotiations.

The District has made the Fact Finder aware of its justifiably intense position in this area of employee benefits. Contrary to many other districts, proposing fixed premium caps recently, the District here proposed flexible premium caps, indicating a recognition of its own continuing responsibility to accept a portion of future rises in premiums, along with its continuing acceptance of a current base cost of the employee benefits program developed heretofore in prior contracts. The District's proposal of accepting a 5.4 percent premium increase for the 1989-90 school year (\$350 cap) and a 7.1 percent premium increase for the 1990-91 school year (\$375 cap) would seem on its face to be at a miniscule level of the estimated 30 percent increase, which its own cross-examination extracted from MESSA officials for the 1989-90 school year. Counterbalancing that observation, however, are the facts that within the boundaries of this new Master Agreement, the District will have assumed the base cost from the previous, 1987-88 Master Agreement and the 29.2 percent increase for the current 1988-89 school year (\$332 per month per

teacher for 12 months).

The resolution of this issue, truly, must be mutually determined, in this Fact Finder's opinion by basing it on a recognition of the cause of, and responsibility for, the problem. The greater problem is one of health care costs per se, about which the parties themselves can do little more than what this current plan's restrictions facilitate through pre-entry screening and post-treatment accommodations. Only by sharing in the costs of premium increases, rather than placing such responsibility on only one party within this relationship, will both parties be willing to seek alternatives actively for a reduction of these increases. Only by recognizing and facilitating the need to "shop" for alternatives, will pressure be brought to bear through utilization of competitive pressures, so that the long term problem can be managed now and within this proposed Master Agreement for these parties.

Coverage by Dependents' Employers

Positions of the Parties-

The District proposes that its paid health coverage of teachers be restricted to those not covered by the health care plans provided by other employers to the teachers' spouses or other dependents. The elimination of such duplicated coverage still would provide the same scope of coverage for Rogers City teachers through an individual system of District payments for participation in such benefits' programs when such alternate, parallel coverage is not provided by the alternate, spouse/dependent participation, or through District self-insurance options.

The Association proposes no change in the current health care coverage for its members, not to advocate bankruptcy for the District, but to maintain full, confident coverage for even a few of its members who need such coverage when unexpected medical problems arise. The District provided the Fact Finder with absolutely

no proof of any actual savings under its proposal, while the Association provided uncontested testimony that such systems (1) are often more costly; (2) promote greater problems for employees; (3) are not any standard or norm for health care coverage plans in general (Ax-79); and (4) may be discriminatory or illegal, leaving medical coverage status in jeopardy, while such claims are being adjudicated or disputed between insurance carriers (Ax-80). A school district the size of Rogers City, even accepting its unsupported claim of financial inadequacy, is not a good candidate for self-funding of such programs, leaving both the District and its teachers at great risk.

Opinion-

The Fact Finder must support the Association's rejection of this option for the reduction of health care premium costs at this time. Notwithstanding all of the valid objections raised by the Association and the seemingly intricate and tenuous coordination of benefits requirements, of greatest influence with this Fact Finder was that the District's position for this option stands nakedly as clear exception to its own clearly-expressed principle throughout these proceedings of the need to restrict its unanticipated financial exposure to the whims of fate.

The District's general, and properly supported, stance here, that it stands virtually defenseless against such impacts as rising health care costs, the potential financial disaster of asbestos abatement and roofing costs, and the external determinations on SEV appeals, provides little reasonable support for the District's somewhat casual acceptance of an option including self-insurance, even when potentially modified by other carriers, but without limit as to the extensiveness of coverage or more crucially to the limits of potential liabilities. Such inconsistency in claimed "unsettled" times is, at the minimum, a proposal not properly timed for this new Master Agreement and, at worst, has elements of abdication for responsibility of the traditional quality health insurance programs for teachers,

notwithstanding other external "comparable" groups presented.

Optional Alternate Carrier

Positions of the Parties-

The District proposes that in lieu of any agreed MESSA program within the new Master Agreement, any teacher may elect to participate in the Blue Cross and Blue Shield plan established and available currently for the District's administrative staff (Dx-2, page 2, last sentence). Such an option provides a reduction in premium costs to the District through consideration of similar coverage from a MESSA competitor. Blue Cross has many similar programs at lower costs with the same coverage as MESSA, but provides also more individual options beyond its plans, not as restrictive as are the MESSA options in with their bilateral agreements with other carriers.

The Association rejects such alternate carriers for the following reasons. First, the cost reduction benefits, currently enjoyed by the parties through the MESSA package plan, requires full participation by all bargaining unit members. Second, without such participation these premium reductions would be only one of many similar cost factors added by the other carriers, when they are included in plans, where more than one carrier is permitted. Third, it is apparent that in virtually all comparable school districts, MESSA is considered by the parties to be the best plan available (Ax-73).

Opinion-

While the District's proposal is an additional attempt to bring the element of competition into the health care carrier market, it cannot be supported, further, at this time. While the Fact Finder has endorsed the introduction of the concept of competition into the compensation areas throughout this Report, any such Recommendation to include another carrier would seem to be unnecessarily intrusive and abusive on the parties. It may well be that additional carriers

should become a part of these parties' approach to health care coverage, but to recommend such a move in conjunction with other Recommendations here might weaken any stability within the demonstrated instability of the entire issue of health care provisions. This stance by the Fact Finder does not preclude any mutual agreement to expand the field of insurance carriers subsequent to this Master Agreement, but leaves any such review to the parties themselves after reasoned experience with the provisions recommended herebelow for the duration of this Master Agreement.

Prorata Coverage Option for Part-time Teachers

Positions of the Parties-

The Association proposes that a part-time teacher on Plan A remain prorated as in current contract language, but that a part-time teacher on Plan B be covered by the District with 100 percent of the premium. Under the present system a one-half time teacher, for example, would have one-half of Plan A (\$165.13/month; \$1,987.50/year) paid by the District or one-half of Plan B (\$38.51/month; \$462.12/year) paid by the District. The employee's obligation each month is the same as the District's obligation. The effect of this proposal is that the present language places a disproportionate burden on the part-time teachers who elects Plan B. The proposal to provide the part-time teacher with 100 percent of Plan B helps to eliminate this inequity and still provides for considerable savings to the District of over \$1,000 each year for each teacher selecting this option.

The District proposes that the current language in the Master Agreement to prorate any coverage chosen by the part-time teacher be retained. The District has no real objection to the Association's proposed change to alternate Plans A and B currently in the contract by extending such an option to the part-time teachers, as long as it is prorated and the Association accepts the District's

proposals in the area of health care coverage.

Opinion-

This was one issue where the impact of an economic proposal would have beneficial effect for both bargaining units members who had not been choosing Plan B, but would prefer to do so, and for the District. While no figures were presented, as to the likelihood among the few part-time teachers of those who might select 100 percent of Plan B over a proration of Plan A costs, the District could save some precious funds through encouragement of the selection of a fully-funded Plan B for these individuals.

Dependents' Benefits After Death

Positions of the Parties-

The Association proposes that the District continue to make premium contributions to the existing health care plan for dependents of a deceased teacher for the duration of the teacher's contract or a minimum of three months. The Association believes that the continuation of these benefits is an equitable route to take in providing the teacher's family the coverage that may have already been in large part earned or would have earned but for death. The cost impact for the deceased teacher's family would be significant if they had to purchase this coverage by their own means. This is not an added expense to the District, because (1) the District had budgeted for a full year's benefits already and (2) even in the event that the death occurred at a time when the vacated position would need to be refilled, such replacement would or could very likely be with a lower cost teacher.

The District rejects the Association's proposal in the absence of any willingness of the Association to negotiate on the primary elements of the comprehensive health care program needed for this District.

Opinion-

While this Association proposal also was one of minimal economic impact, even in the highly improbable event that circumstances would trigger its use for a bargaining unit teacher and while the budget already would have encumbered this expense, it does present costs to the District that would otherwise disappear from the budget, unless a replacement teacher was required. While the Association's argument that the replacement teacher would be at a lower cost, the cost of the insurance would not be less and such a conclusion seems to eliminate the potential accidental death of a first year teacher, which is as probable statistically as is a teacher dying prior to retirement. While the District provided no aggressive resistance, this is a type of proposal which recognizes the human factor within contemporaneous employment relations that many cynically and prematurely have placed in demise. Certainly, this issue, if any issue at all, must be considered only within the greater context of all of the economic benefits at issue here, as to its psychological impact.

Salary

Schedule IncreasePositions of the Parties-

The Association proposes that the 1987-88 salary schedule be increased by 5.5 percent for 1988-89 and 6.0 percent in each of the following two school years. Using the proper comparable school districts, including the very recent settlements in Posen and Kalkaska, it is obvious that, even with full adoption of these proposed levels, Rogers City teachers' salaries will only remain within the status quo and will not accelerate as the District claims. While the State has funding problems and the District is not wealthy, Rogers City teachers themselves should not have to shoulder these problems alone. The funds exist within the District, because (1) the costs represented by the Association's proposals are at a much lower level than the increases in District revenues; (2) such costs remain within projected and acceptable levels of District fund equity; and (3) alternative contingencies to the problems anticipated by the District are available, which would relieve any effects of actual funding problems that might occur.

The District proposes that there be no increase in the 1987-88 salary schedule for the current 1988-89 school year and that in each of the two following school years the schedule be increased by 2 percent. Use of the proper comparable labor market, using a group of similarly situated school districts similar to the Association's presentation of contiguous school districts, reveals no need for immediate increases and certainly not to the level proposed by the Association. For uniformity and community support, the concept of average salary, even within a proper comparable, is meaningless, unless (1) use of raw percentage figures for raises in comparable school districts is not considered as relevant as the actual dollars paid in each such district (Dx-11) and (2) such raises are similar to area

(county) expectations and to other employees within the District (support staff at no increase). Considering the teachers' 14.3 percent increase for the 1987-88 school year and the District's proposal for no increase in 1988-89, therefore, a two year increase results in the exact position the Association's teachers held within similarly situated Northeast Michigan school districts.

Opinion-

As compared to the choices in the areas of health care, as to whether the various conceptual factors are to be accepted or rejected in a green light/red light dichotomy, the complexity of widely varying elements resurfaced when considering the various proposals for the variety of forms in which monetary compensation is to be determined. With regard to schedule adjustments this dichotomy between these parties appeared almost immediately when the District argued that raw percentages were of little value in the search for reality in any particular school district, as compared to the actual dollars paid. The Association's initial proposal here relied upon such percentages, but also provided comparative rankings with regard to salaries within its own versions of comparable districts. Further, the Fact Finder calculated from the percentage increases, represented and summarized in the prior chart, that the average increases among the districts, established here as comparable, were 5.27 percent, 6.07 percent, and 6.0 percent respectively for the three-year Master Agreement term anticipated here. More specific consideration of each of these approaches is required, as a further base from which to make final Recommendations.

The Association noted that the difference between its position and that of the District totalled \$624,361 (21.1 percent) more than the 1987-88 school year cumulatively for the continuing three-year period of the proposed Master Agreement thereafter (Ax-6 - Ax-8). Of that amount \$152,624 was attributed to its longevity proposal, leaving the difference between the parties' revised proposals at \$471,737 (15.9 percent), created by the index factor and step progression. Even

ignoring this revision, the Association was quick to argue that the Association's full proposals for 1988-89 represented only a 6.4 percent increase in expenditures, compared to the prior year, while the District experienced a 15.5 percent increase in revenues for the same years (Ax-14). Finally the Association revealed that as a proportion of revenues, teachers' salaries declined with the District's proposed increases, while the Association's proposals attempted simply to maintain the prior status (Ax-15).

Teacher Salaries as a Percent of Revenues

Actual- 1985-86			52.3%
1986-87			50.8%
1987-88			56.0%
Proposed-	<u>Board</u>	<u>Association</u>	
1988-89	46.1%	51.6%	
1989-90	47.5%	55.7%	
1990-91	48.2%	58.8%	

While the positions of the parties straddle the prior historical proportions, as indicated in the chart above, a compilation of the District's statistics into the following chart provides evidence that no matter how this Fact Finder views these proposals, there is ample room for accommodation to resolve this impasse (Dx-26 - Dx-36, inclusive). While the application of these statistics for the later years within the new Master Agreement are hampered somewhat by the lack of available data, as the District argued when suggesting a shorter duration for the Master Agreement, there are sufficient data to provide credible Recommendations in yet another "unsettled" set of circumstances.

SALARY COMPARABLES

		<u>1988-89</u>		<u>1989-90</u>		<u>1990-91</u>	
DISTRICTS		BS MIN	MA MAX	BS MIN	MA MAX	BS MIN	MA MAX
Alpena		18,895	33,350	19,840	35,018	20,832	36,768
Atlanta		17,569	27,596	18,711	29,390	19,927	31,300
Cheboygan		17,389	30,956	-----	-----	-----	-----
Hillman		17,810	29,224	18,923	31,050	20,058	32,913
Inland Lakes		16,918	28,903	18,102+	30,926+	7% of 1989-90+	
Johannesburg-				% of SEV		% of SEV	
Lewiston		20,775	32,806	21,813	34,447	22,904	36,169
Mackinaw City		17,555	28,589	18,784	30,520	20,089	32,586
Onaway		17,000	30,000	18,000	31,500	19,000	32,700
Posen		17,147	29,429	18,004	30,901	19,085	32,775
Vanderbilt		17,261	29,461	-----	-----	-----	-----
Wolverine		16,362	28,881	-----	-----	-----	-----
AVERAGE		17,698	29,926	19,022+	31,719+	20,272	33,599
		(11)	(11)	(8)	(8)	(7)	(7)
ROGERS CITY							
(proposals)							
<u>District</u>	Schedule	16,894	30,000	17,232	30,600	17,557	31,212
	w/index	16,894	31,344	17,232	31,974	17,557	32,615
	w/long & index	16,894	33,225	17,232	33,892	17,557	34,572
<u>Assn.</u>	Schedule	17,823	31,650	18,893	33,549	20,026	35,562
	w/index	-----	-----	-----	-----	-----	-----
	w/long & index	17,823	33,851	18,893	35,883	20,026	38,035

----- data not available

Clearly, the District's proposal is insufficient to even meet the average generated by its own proposals and the Association's proposals also appear to barely meet this average, if, indeed, that is the goal, especially at the lower levels of the salary schedules' "across-the-board" adjustments. At the top of the Master's schedules, the District's proposals clearly move from the average for the 1988-89 school year to much less than the average for the two years thereafter.

Once the proposals of longevity and the index adjustments are added to the respective "across-the-board" percentages proposed by each party, however, both sets of salary levels extend far beyond the average. At this point in the analysis certain distortions of data presentation began to appear. First, there was no evidence of any change in the internal indexing for the comparable districts and the longevity levels and salaries for graduate work beyond the Master's degree were not included here because the Rogers City salary schedule stops at the Master's level.

Second, when just the index adjustment is considered, as reproduced here in the District's position, salaries approaching this average are realized; however, the appearance of no increase at the lower level also is a distortion of presentation here, using the beginning Bachelor's levels and the top Master's levels only. Actually in such calculations all other steps here would receive the proportional increase of the index adjustment. Again, in reviewing the data generated by the District, it appears that accommodation of the differences at impasse are potential.

Index Adjustment

Positions of the Parties-

The Association proposes to standarize index adjustments at the common level of a 1.05 multiplier for two reasons, in order to accomplish its purposes. First, the 11th step of the schedule has never been on index; therefore, the Association's proposal would provide such placement and provide more

dollars at the top of the schedule, where most teachers are located. Second, the 1987 settlement of 14 percent on the MA MAX level and eight percent on every other step resulted in a "skewed" index; therefore, the 1.05 proposal would (a) create a schedule with internal integrity in terms of the relationship of each step laterally and horizontally, (b) establish a permanent structure to the index system so that it will not be continually tampered with year after year, and (c) result in an MA MAX of \$270 more than the current 1987 MA MAX, which would help to "catch up" the people that received the eight percent adjustment in 1987.

The District proposes that no internal change in the current salary grid be considered for the following reasons. First, the change proposed for the index provides for an additional raise at each level and step in addition to any percentage increase for the entire schedule. Second, the proposal represents an attempt to spread longevity-type increments throughout the schedule, rather than at the top with specific dollar amounts as has been traditional, representing an explicit understanding by the parties that the general index was satisfactory, but that only the MA top step needed adjustment.

Opinion-

The application of a standard index creates shifts within the schedule, which are not readily apparent. While the standardized index does create higher salaries down through the steps, as presented it also accelerates salary levels across the education stages within the schedule structure itself.

Additionally, the Association's rationale is somewhat tainted by its argument that this proposal produces equity by "bringing up" the rest of the teachers' salaries to the level created by the 14 percent disparate increase relatively for the 1987-88 school year. Just as the Fact Finder discounted the District's attempt to "average down" that 14 percent level then with a position of no increase for the 1988-89 school year, so must he discount this attempt by the Association to utilize the same factor. Clearly, however, while the Fact Finder refuses to

violate the prior, mutually negotiated contract by using such percentage figures, the seed planted in his mind by both parties of the concept of equity that each needs to see in the "package," created by him hereinbelow, has stalled at only the early stages of root formation.

Longevity

Positions of the Parties-

The Association proposes to add two steps to the salary schedules for 15 and 20 years of experience with a payment of four percent and six percent respectively to the appropriate Step 11 rate. This proposal recognizes extensive service to this District and encourages better teachers to remain. Such a proposal is consistent with all NMEA districts except two, which enables school districts to "catch up" in comparable rankings for its long term teachers and raises the final average salary upon which retirement benefits are computed.

The District proposes that no such additional payments be added to the salary structure in this manner for the following reasons. First, even with the Association's rationale and comparable districts, the addition of longevity is not supported (Dx-13), because Step 11 of the current salary schedule is comparable to other school districts and already gives top level salary for the best teachers (Dx-11). Second, the Association's proposal is a pure bonus for length of service already within the steps of the salary schedule, and is not payment for better teaching service. Third, Rogers City teachers at the MA top salary level received, in effect, a 14.3 percent longevity-type increase last year. Finally, teachers should earn their own raises by going to summer school to move up the steps and across the schedule, because the District is not willing to encourage the high level of BA teachers at the top of their respective scales to stay there without improvement in teaching qualifications.

Opinion-

The equity seed planted in the Fact Finder's mind within the parties' proposals on index adjustments was rejuvenated, when he considered the parties' positions on longevity. This rejuvenation was created by the District here, when it argued that longevity was not justified at this time, because, in effect, the most experienced MA teachers within the District received a longevity payment within the prior year's 14 percent raise. While this argument by the District about past years' longevity payments within a general salary schedule increase does not address the continuing nature of contractually established longevity payments for teachers qualifying for such adjustments and recognition in subsequent years, again, the District's effort here is to cross into consummated ground, trampled improperly by both parties previously. The parties need to be reminded that when a seed is planted in contractually sacrosanct soil, trampling stunts any attempt by the germinated seed to bring flowers from its initial root development.

Additionally, the Association has presented clear evidence that the vast majority of comparable districts have some form of established longevity readjustments within their respective salary schedules (Ax-33). While this Fact Finder is not required to follow comparables in every detail, given reasonable consideration of existing circumstances, neither is he willing to ignore completely the evidence of a common practice in all comparable districts in the groups established hereinabove, except in Onaway and Wolverine (See first chart herein, page 20 and Dx-27 & Ax-33).

Prorata School Year for Part-time Teachers (Step Up)Positions of the Parties-

The District proposes that advancement of a teacher to the next step occur only if that teacher is on duty or paid leave status for one-half or more of the schedule calendar days of the preceding school year.

A step increase is given in recognition that a teacher should be more accomplished after completing a full year of teaching, at least during the early stages of his/her career; therefore, since such advancement is to be given for teaching experience accruals actually performed, the time spent on LTD status by definition is not teaching experience performed. The use of mathematical and operational logic provides that an individual who does not actually work at least half of the days in a particular year simply has not achieved sufficient additional experience to merit advancement on the scale, but would still be eligible for general increases in teacher compensation.

The Association proposes that no change be adopted, which also does not provide for three elements. First, proper credit be accumulated each year toward movement on the salary schedule, when successive years within less than one-half actual time worked has occurred. Second, accumulation of the unequal number of days that each semester may contain must be recognized. Third, to the contrary of the District's position, eliminating LTD status, the Association wants to count a combination of paid sick leave and LTD the first year as "time worked," because 180 days of sick leave is very standard in teaching and where there is less it is usually because it is cheaper for the District to have the LTD initiate at 90 days, rather than to carry enough cash reserves itself to cover the potential of 180 days.

Opinion-

The proposal presented here by the District seems to be rationally and properly based. Initially, the Association's concern about credit for LTD status does not seem reasonable (1) where there is LTD protection within this District and (2) given the time-honored basis for salary schedules in public education--teaching experience and attainment of greater levels of education, neither of which is violated, but protected, by the conditions within the District's proposal.

Additionally, the Association's other two arguments refer generally to a bookkeeping criterion of accumulation of credits and the small difference in number of days within the two semesters. It seems equitable that step-up credit is to be based on the general concept of full service to the District. The District's willingness to advance a teacher, who does meet at least one-half of the year, provides system equity, if not equity for each and every individual situation. Collective bargaining is a group process and impasse on this issue at this stage of resolution for the sake of the extreme probability of such individual circumstances would seem to defeat at a basic level the clear rationale and need for employee organization into a group.

Prorata Salary for Part-time Teachers

Positions of the Parties-

The District proposes to change current language, utilizing class periods as compared to a full class schedule, as the base for determining a part-time teacher's salary, to a numerical base using clock hours. The rationale for the District is simply a mathematical logic of proportionality. The Association does not disagree with the rationale, but is concerned with the application of the rationale to varying school and teacher schedules, due to their varying organizational situation during a "school day."

Opinion-

This seemingly rational proposal provides this Fact Finder with a great deal of confusion, primarily because he is aware of the parties' mutual efforts to resolve the issue themselves. The impasse here appears to be one, not of differing philosophies, but of detailed organizational or system problems in making such determinations. The final positions given to the Fact Finder include such elements as using minutes as a base from which a weighted average could be calculated, but only if a grandfathering provision for current teachers was to be included. Inherent within that unbelievable complexity was the element of

any change in the junior high school day from six to seven periods, so that the concerns of full-time teachers also became enmeshed whenever a split schedule with high school classes became involved.

Any proposal raising so much confusion deserves very little weight during an impasse situation. This conclusion is even more significant when it becomes clear that only a very few, if any, teachers even would be involved in such a problem. It seems to this Fact Finder as if all the frustration within this serious impasse situation have flowered within this one issue, bringing in elements that are not directly germane to the original language intent-- salary determination for part-time assignment, numbering last year three teachers (Dx-4). While the Fact Finder is not belittling the significance to these three teachers of any salary adjustments, he is expressing his own frustration because he is aware that even one relatively minor issue within the comprehensive disputes in evidence for these parties could be the cause for continuation of impasse, especially frightening because of the parties' behavior and current status on this issue to date. The final rationale for the Fact Finder's conclusions on this issue, therefore, was to return to the focus of the issues--- part-time teachers--- and to resolve the related issues for full-time teachers with a mixed schedule between high school and junior high school separately within the final issue at impasse hereinbelow.

Junior High School Periods

Positions of the Parties

The District proposes that the junior high school schedule be increased to seven periods from the current six periods, but all within the same hours for the current school day, for the following reasons. First, it is more educationally sound for junior high school-aged students to have more electives, variety, and freedom to capitalize on their particular maturation needs at this stage of

development and also eases some of the proper concerns of junior high school parents, who want to differentiate between the needs of high school students and junior high school students. Second, this proposal would (1) increase curricular flexibility, which is a difficult concern within small school districts and (2) permit the utilization of teacher specializations. Third, this plan (a) does not exceed the contractual limit of the maximum of 25 hours per week in classes for teachers; (b) as currently envisioned, even though two teachers would teach four more minutes each than currently permitted by the contract, the remainder would reduce the total time actually taught; and (c) would have no conflicting overlap with high school teacher assignments.

The Association proposes that the District remain with the current six period junior high school day for the following reasons. First, the District has not demonstrated a need for the seven period day, especially because it (1) does not address the needs expressed by parents, such as for socialization distinct from high school students at lunch, within the building, or outside of the building generally; (2) "crams" more subjects into a student's schedule, rather than providing more real time-on-task or addressing any expressed grading concerns; (3) greatly increases student contact and teacher preparation activities; and (4) provides several means to the District, where the staff can be reduced by (a) use of non-certified, nonbargaining unit personnel, (b) consolidation of subjects, or (c) scheduling of all junior high school students into study halls into the same period of the school day.

Opinion-

Opinion

The District's proposal was viewed by the Fact Finder as a serious attempt to accommodate the expressed concerns of Rogers City parents, as well as the developmental needs of this particular stage of students, which this Fact Finder and his co-author elsewhere characterized as "transescents," rather than adolescents.

In careful review of this conflict with an admitted and expressed bias for the needs of just such a group of students, however, the Fact Finder could find no other reason to recommend this reorganization within the charged atmosphere of impasse for the following reasons.

First, while there apparently were no similar situations present within the comparable districts, but while this is the type of proposal that attempts to meet unique needs within a particular district and, therefore, would not require the influence of a comparable to be justified, any such change requires the cooperative and enthusiastic efforts of the individuals who will deliver such a program's objectives to students. Impasse does not breed enthusiasm for anything constructive! There appeared to be, however, no evidence of any cooperative approach to the reasonable objectives for such a reorganization proposal and to the contrary, the issue of time-on-task appeared to have been unaddressed by the District, or at least, unresolved.

Second, while this Fact Finder can appreciate the District's concern and limited option to provide for the distinct needs of these students, expressed by parents, within a building that also contains senior high school students, he must agree with the Association that this proposal itself would produce very little movement toward accommodation of such needs. In fact, the differing schedules and consecutive lunch periods actually may contribute more to confusion than to development.

Third, the mechanics of such a reorganization themselves were at impasse with regard to (1) scheduling difficulties, even though without actual conflict in teachers' schedules (Dx-43), (2) salary determinations for full-time and part-time teachers involved, particularly troublesome with any assignments, divided between the two "schools," and (3) contractual limits on such teacher schedules, as the language is now in place.

Fourth, while these problems apparently were being negotiated by the parties, other significant concerns of the Association were not addressed within the District's proposal and appeared to this Fact Finder to be sources of extreme resistance within this impasse environment. Initially, the Association's concern about the effects on staffing levels of its members through such mechanics as use of non-certified staff, consolidation of subjects, and study hall scheduling and staffing, was not addressed here by the District. Such specific concerns strike at the very core of organized employees fears-- employment security. Such basic concerns require full exploration and accommodation, lest impasse becomes a fixed reality within an employment environment.

Further, the obvious increased work load potential for these teachers in this new schedule was not addressed. This is especially significant now, when the District also is proposing no increase in salary for 1988-89 and small increases thereafter, an increase in calendar days, and employee contributions to health care provisions. Even if all of the mechanical, developmental, and organizational problems with this proposal were to be resolved, consideration of the effects of the timing of this proposal was not in evidence to be facilitative at this time.

Finally, given the vital significance that the District presented to the Fact Finder on this issue, however, he believes that the new Master Agreement should provide a means where the problems being expressed here might be resolved. While the Association did propose that study of the issue by a bilateral, representative committee on this need be initiated, and while it must be remembered that the Association's opposition to the implementation of a seven period day also eroded some of its foundation for compensation increases, the District should be willing to work on these problems, even though its desire for immediate implementation is not being supported here. In such a Recommendation the Fact Finder's rationale is that the only hope for achieving such a reasonable objective, which could be

negotiated in uneventful and routine bargaining, has little opportunity for any success whatsoever within a charged employment environment, evidenced by the existence of impasse, as in Rogers City presently.

RECOMMENDATIONS

Based on the foregoing analysis and opinion, the following Recommendations are presented to the parties as an inviolate "package," in keeping with the similar positions taken by each party with regard to the other during this entire matter.

- 1) The new Master Agreement is to be a three-year instrument for the 1988-89, 1989-90, and 1990-91 school years.
- 2) The school calendar is to contain 182 teacher days for each of the last two years of the new Master Agreement.
- 3) The salary schedule, in addition to elements already consummated by the parties mutually, is to contain:
 - a) new language requiring at least one-half of the scheduled school days or at least one scheduled semester within any school year be taught or in paid leave of absence, excluding LTD, status, to qualify for progression to the next salary schedule step.
 - b) no change in the schedule index.
 - c) the establishment at four percent (4%) of a longevity step within the salary schedule at the 20 year level only, effective for all teachers, who will have completed their 20th year by the end of the 1990-91 school year.
 - d) percentage increases in the salary schedule itself of three, five and one-half, and five percent (3, 5½ & 5%) respectively for each successive year within the new Master Agreement.
- 4) The salary for a teacher who works less than a full day is to be determined by the number of full classes within a six period secondary day or the proration of scheduled hours for the elementary day.
- 5) The MESSA health care program currently in effect will remain identical for the three year term of the new Master Agreement with the District paying the full premium for the 1988-89 school year and with language facilitating the following elements:
 - a) implementation of premium caps on the District's future contributions to \$360 and \$390 respectively for the 1989-90 and the 1990-school years each month for each full time teacher for 12 months.

- b) implementation of language to permit a teacher's dependents to continue full coverage for the completion of the 12 month period of the year of death, (1) if the carrier permits such arrangements and (2) the dependents request such coverage and pay any premium beyond the application of any required cap or proration.
 - c) implementation of language to permit part-time teachers to select Plan A and contribute a prorated portion of total premiums regardless of premium cap or a fully paid Plan B without proration or cap.
- 6) With regard to further health care issues, it is recommended that:
- a) no language be adopted concerning coverage by an employer of teachers' spouses or dependents.
 - b) no language be adopted concerning alternate insurance carriers.
- 7) The junior high school will retain a six period day for 1989-90 and a bilateral committee of equal numbers of members representing the District and the Association will meet, confer, and formulate recommendations on the issues raised within these Factfinding proceedings for the School Board's consideration, no later than the first Board meeting during the second semester of the 1989-90 school year, toward implementation of any desired changes in the junior high school class period organization, effective for the 1990-91 school year.

CONCLUDING STATEMENT

The conclusion reached in establishing the opinions and Recommendations contained in this Report were extracted from consideration of all evidence, testimony, and argument presented so comprehensively by the representatives of both parties, even if every reference was not included here. The parties agreed that these issues were the only remaining issues at impasse and that their final settlement would result finally in a tentative Master Agreement, subject only to the official ratification of each party's constituents.

Further, those who view the outcomes of these deliberations within this process should know that the resulting Recommendations were not considered in isolation of each other, but are a fragile combination of a variety of factors and interests, which the Fact Finder attempted to understand and then balance. The issuance of this Report at this date, which was necessitated by the comprehensiveness of the

process itself, however, now transfers the pressure on the Fact Finder to the parties, and most significantly, to their respective constituencies.

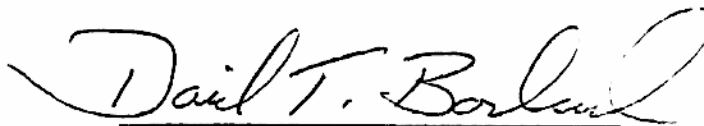
The parties insisted that this Fact finder consider only the "package" that each had developed. The Fact Finder firmly believes that the parties in return now are obligated professionally to consider only the "package" he had presented in meeting the respective "packaged needs" of the parties, and should not be able to view only certain, selected elements of his package. Clearly, the parties and their respective constituencies can choose to settle this Master Agreement or can choose to walk the long and uncertain road of impasse into the future. An alternative is to accept this Report and Recommendations for what they are in reality--- a balanced, yet imperfect, approach to resolution of differences, constructed by an impartial, yet informed observer, without the baggage of vested interests here.

It is with the sincere hope of this Fact Finder that his Report and Recommendations will facilitate, not the sacrifice of educational quality and opportunity, or of financial integrity of either party, but, rather, the basis by which existing competitive interests now will evolve into the mutual interest of the teachers, administrators, the School Board and the citizens and children of Rogers City.

Dated this 15th day of June, 1989
at Haslett, Michigan

CERTIFICATION

I, DAVID T. BORLAND, having been appointed by the Michigan Employment Relations Commission as its Fact Finder and Agent, pursuant to Section 25 of Act 176 of Public Acts of 1939, as amended, and the Commission's Regulations, having sworn to my impartiality and having weighed and considered all of the evidence and argument presented, and in view of the preceding opinion and discussion, have recommended to the Rogers City Area Schools and to the Northern Michigan Education Association contractual elements concerning contract duration, school calendars health care premium caps, coverage by dependents' employers, optional alternate carrier, prorata coverage option for part-time teachers, dependents' benefits after death, salary schedule increase, index adjustment, longevity, step-up on the schedule, prorata salary for part-time teachers, and junior high school periods, as contained hereinabove.

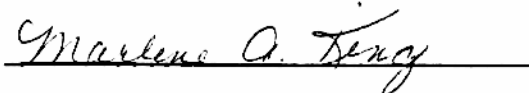


David T. Borland
Fact Finder and Agent

Dated this 15th day of June, 1989,
at Haslett, Michigan

STATE OF MICHIGAN
COUNTY OF INGHAM

On this 15th day of June, 1989, before me personally came and appeared David T. Borland to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed the same.



MARLENE A. KING, NOTARY PUBLIC
CLINTON COUNTY, STATE OF MICHIGAN
MY COMMISSION EXPIRES ON 02-26-91
acting in Ingham