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STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

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In re Fact Finding:

ROYAL OAK BOARD OF EDUCATION

and

ROYAL OAK EDUCATION ASSOCIATION

LABOR AND INDENTURE

FILE

Michigan State Dispute No. D72 F-1707

FACT FINDER'S REPORT

Appearances:

For the Royal Oak Board of Education:

Robert J. Battista, Attorney.

For the Royal Oak Education Association:

Walter W. Rogowski
Executive Director R.O.E.A.

BACKGROUND

The collective bargaining relationship between the R.O.E.A. and the Royal Oak School Board dates to 1966. Their initial agreement was a three-year contract (1966-69), with annual salary and fringe reopeners. In 1969-70 a four day strike was settled with a new one year contract. In 1970-71 the parties reached accord after a fact finder's hearing. Last year's contract (1971-72) was resolved with the aid of mediation.

Negotiations for the current year began in mid-June, although salary schedules were not discussed in concrete terms until August. The approach of the fall semester found the parties far apart on economics, and while eleventh hour mediation stimulated new proposals by both sides, the all-important issue of salary was not resolved. On September 5th, the scheduled opening of school, the teachers struck and remained out of their classrooms for three weeks. During the course of the strike, negotiations resumed through a mediator. Further salary proposals and counterproposals were made, but no agreement emerged.

With a citizen's suit for a back-to-work injunction pending in the Oakland County Circuit Court, the teachers returned to classes on September 25 and both parties consented to submit their dispute to factfinding under the procedures of Michigan Compiled Laws §423.25.

Maurice Kelman

Royal Oak Board of Education

Hearings were conducted by the undersigned on October 20, 26, 30, and 31, 1972. In all the parties submitted 113 documentary exhibits. These, together with testimony and arguments, form the data upon which the conclusions and recommendations of this report are based.

The unresolved issues before the fact finder are:

1. Salary
2. Duration of a new agreement
3. Supplemental compensation
4. Fringe benefit improvements
5. 1972-73 calendar for Southeast Oakland Vocational Education Center (SEOVEC)
6. Binding grievance arbitration
7. An "amnesty clause" with respect to the September 1972 strike

SALARIES

The present salary schedule in Royal Oak consists of seven "tracks." Each track represents a teacher's highest college degree and post-graduate credits. Each stipulates a base salary and nine automatic yearly increments, with provision for half-steps. Step 9 is the maximum salary.

Last year's schedule (1971-72), omitting half-steps, was as follows:

Step	#1 A.B.	#2 A.B.+20	#3 M.A. A.B.+30	#4 M.A.+15 A.B.+45	#5 M.A.+30	#6 M.A.+45	#7 Ph.D.
0	\$ 7,900	\$ 8,100	\$ 8,600	\$ 8,900	\$ 9,200	\$ 9,500	
1	8,200	8,410	8,900	9,200	9,500	9,800	
2	8,500	8,825	9,200	9,500	9,800	10,100	\$ 10,400
3	8,850	9,215	9,600	9,900	10,200	10,500	10,800
4	9,440	9,700	10,400	10,650	10,950	11,250	11,550
5	10,000	10,300	11,000	11,350	11,650	11,900	12,250
6	10,600	10,900	11,750	12,100	12,350	12,600	12,900
7	11,340	11,650	12,700	13,000	13,300	13,600	13,900
8	12,150	12,550	13,800	14,100	14,400	14,700	15,000
9	13,480	13,980	15,600	15,800	16,200	16,500	16,800

It should be noted that salaries at step 0 through 8 were unchanged from 1970-71. Only step 9 salaries were increased -- in amounts ranging from \$430

in track #1 to \$700 in track #5. This may help to explain why last year's Royal Oak pay schedule, save for the maximum salaries, was one of the lowest of all Oakland school districts. Moreover, the 1971-72 last-step pay raises as well as the increments due returning teachers were postponed to November 15, 1971, so that teachers realized only 74 per cent of the "printed" increases and increments.

The last salary proposals for 1972-73 were made in mid-September negotiations. A common element is the addition of a 10th step. The R.E.O.A. proposes:

Step	#1 A.B.	#2 A.B.+20	#3 M.A. A.B.+30	#4 M.A.+15 A.B.+45	#5 M.A.+30	#6 M.A.+45	#7 Ph.D.
0	\$ 8,200	\$ 8,400	\$ 8,900	\$ 9,100	\$ 9,300	\$ 9,500	
1	8,525	8,800	9,325	9,525	9,725	9,925	
2	8,850	9,150	9,750	9,950	10,150	10,350	
3	9,200	9,575	10,200	10,500	10,700	10,900	\$11,200
4	9,800	10,100	10,925	11,225	11,425	11,625	11,925
5	10,400	10,675	11,650	11,950	12,150	12,350	12,650
6	11,050	11,325	12,450	12,750	12,950	13,150	13,450
7	11,825	12,050	13,450	13,850	14,150	14,350	14,650
8	12,650	13,050	14,450	14,850	15,175	15,450	15,725
9	13,600	14,100	15,700	15,900	16,300	16,600	16,900
10	14,275	14,775	16,650	16,900	17,200	17,500	17,800

The Board offer is:

Step	#1 A.B.	#2 A.B.+20	#3 M.A. A.B.+30	#4 M.A.+15 A.B.+45	#5 M.A.+30	#6 M.A.+45	#7 Ph.D.
0	\$ 8,000	\$ 8,200	\$ 8,700	\$ 9,000	\$ 9,300	\$ 9,600	
1	8,300	8,510	9,000	9,300	9,600	9,900	
2	8,600	8,925	9,300	9,600	9,900	10,200	\$10,500
3	8,950	9,315	9,700	10,000	10,300	10,600	10,900
4	9,550	9,800	10,500	10,750	11,050	11,350	11,650
5	10,100	10,400	11,200	11,450	11,750	12,000	12,350
6	10,700	11,000	11,850	12,200	12,450	12,700	13,000
7	11,440	11,750	12,800	13,100	13,550	13,700	14,000
8	12,250	12,650	13,900	14,200	14,500	14,800	15,100
9	13,250	13,550	15,050	15,450	15,850	16,150	16,450
10	13,950	14,350	16,400	16,600	16,800	17,200	17,300

The R.O.E.A. argues that salaries in the district have always been on the low side and the situation has deteriorated over the last several years. It is asserted that Royal Oak teachers have lost ground relative to their counterparts in southeastern Michigan and by any objective assessment should be considered grossly underpaid. As proof, the fact finder was urged to compare Royal Oak salaries with teacher pay scales in the ten contiguous districts, in all twenty eight Oakland County school systems, and in districts of equivalent student enrollment throughout the tri-county Wayne-Oakland-Macomb area. The R.O.E.A. characterizes its current salary demand as a palliative which does not reclaim all the ground lost by the teachers but which at least reverses the downward trend and removes them from the "subcellar."

The Board in turn insists that it has been as generous as its financial resources permit, as evidenced by six-figure deficits sustained in each of the last five years. The R.O.E.A.'s salary comparisons are answered with the observation that published salary schedules do not depict true compensation because fringe benefits are not included, nor do they measure the variables affecting a district's total instructional costs. Factors such as the ratio of teachers to students and the distribution of faculty at the various salary steps can have a greater cost impact than the column figures of the pay schedule. In Royal Oak 31% of the faculty are at maximum salary, over half are at or beyond the eighth salary step, and only 24% are at steps 0 through 3. In addition, a continuing decline in student enrollment has not been offset by a commensurate reduction of teaching staff. In 1967-68 the pupil-teacher ratio was 23.2:1, in 1971-72 it was 21.4:1, this year it is 20.3:1.

The difficulty with the Board's disparagement of salary comparisons is that neither party could offer more sophisticated comparative data. Without such information the fact finder cannot say that the cost-magnifying factors cited by the Board are peculiar to Royal Oak and absent in the other Oakland and tri-county districts. Moreover, an analysis of the Board's own history of expenditures for teacher salaries casts some doubt on the hypothesis that a reduced pupil-teacher ratio will increase salary costs as a percentage of total budget. In 1968-69 and again in 1970-71 teacher salaries in relation to total operating expenditures actually declined (somewhat) despite a lowered student-teacher ratio and despite higher pay raises in those years than the Association currently seeks. The pattern of

the past five years is that salaries have remained a stable percentage of total expenditures (64 to 65%) in the face of pay raises, step increases, and shrinking enrollments. This is not to belittle the Board's fiscal concerns, about which more will be said. However, it does seem apparent to the fact finder that inflation has affected the district's noninstructional costs more than its teacher costs, while some of the conditions for better education -- fewer students per teacher, more experienced teachers -- have, willy-nilly, improved.

Since a teacher's services must be valued in dollars and cents, there is no escaping salary comparisons with neighboring districts. However, the most significant comparisons are step-for-step. Simple references to mean salary or to minima and maxima can be misleading since districts differ in their increment patters. Troy, for example, provides uniform increments, while Clawson has escalating increments, as does Royal Oak. The most unusual feature of the Royal Oak pay structure is the long spread between base and maximum salary. Starting pay is quite low and the first three increments are relatively meager, whereas annual increments at the higher steps (7 through 9) are substantial. Consequently, the difference between step 0 and step 9 is greater than in most comparison districts and the spread has lengthened with each collective bargaining agreement since 1968. (From 1968 to 1972, B.A. minimum salary was increased by \$1400, B.A. maximum by \$3430; similarly M.A. base salary increased by \$1750 while M.A. maximum went up \$4700).

Based on all comparisons -- tri-county Type C districts, Oakland county, and contiguous -- the most striking incongruity appears at step 3 of the B.A. and M.A. schedules. Something of a quantum leap occurs at step 4, and by step 9 the Royal Oak salary does not compare unfavorably at all. The parties' current wage proposals do not materially alter this pattern, although the Association's demand elongates the scale to a greater degree than does the Board's offer. As noted, a majority of the teachers are concentrated at the higher pay steps. In that frame of reference it is clear that most Royal Oak teachers are not in the "subcellar."

Last year Royal Oak ranked second in Oakland County at M.A. step 9 and third at B.A. step 9. The R.O.E.A.'s current proposal would place senior teachers with master's degrees (i.e., steps 8, 9, and 10) above the median on any suggested comparison and would place senior teachers with bachelor's

degrees above Oakland county and contiguous district medians.

The estimated additional cost of the Association's salary proposal (excluding increments) is \$551,000, and a significant part of that cost is attributable to the requested maximum salaries. The Board's offer, the pay-raise cost of which is \$275,000, is not unfair to teachers at the top of the scale but places the more junior teachers at an even greater disadvantage in relation to other school districts.

A fair and fiscally manageable salary schedule should, in the fact finder's opinion, favor improvements at the earlier steps. Without going beyond the perimeters of the parties' proposals, the recommendation adopts the higher figure (generally the R.O.E.A.'s) for steps 0 through 3 and for maximum salary adopts the Board's offer (with the single exception of the B.A. maximum).

The recommended schedule is as follows:

Step	#1 A.B.	#2 A.B.+20	#3 M.A. A.B.+30	#4 M.A.+15 A.B.+45	#5 M.A.+30	#6 M.A.+45	#7 Ph.D.
0	\$ 8,200	\$ 8,400	\$ 8,900	\$ 9,100	\$ 9,300	\$ 9,600	
1	8,525	8,800	9,325	9,525	9,725	9,925	
2	8,850	9,150	9,750	9,950	10,150	10,350	\$10,500
3	9,200	9,575	10,200	10,500	10,700	10,900	11,200
4	9,800	10,075	10,800	11,050	11,375	11,625	11,925
5	10,400	10,675	11,400	11,800	12,100	12,350	12,650
6	11,000	11,325	12,200	12,575	12,800	13,100	13,400
7	11,800	12,050	13,200	13,500	13,800	14,150	14,450
8	12,600	13,050	14,350	14,650	14,975	15,275	15,600
9	13,600	14,100	15,700	15,900	16,300	16,600	16,900
10	14,000	14,500	16,400	16,600	16,800	17,200	17,300

The additional cost of the recommended schedule is approximately \$430,000. It provides an average increase of \$514 per teacher, or 4.15%. (These computations treat the new step 10 increment as a wage increase, since it is income which would not be realized were the 1971-72 schedule to be continued without change. In all other respects, step progression is not deemed a "salary increase." Although the Board argued the contrary view, it seems clear that annual increments are meant to reflect the

"value added" of increased teaching experience, just as the separate pay tracks recognize the "value added" of graduate study.)

The fiscal effect of the fact finder's recommendation is consistent with the cost of living. It also mitigates some of the more glaring internal inequities of the current salary schedule, which neither party's proposal, standing alone, seems to do. And not the least important, the recommendation is within the Board's financial capacity.

Detailed information about the school district's financing was presented by both parties. This year as last, Royal Oak ranked fourth among the 28 districts of Oakland County in total state equalized valuation (S.E.V.). It currently ranks ninth in the S.E.V. per pupil. In 1971-72 fifteen districts in the county had higher operating millage than Royal Oak's 27.78. By virtue of a five mill addition approved by the voters in June, Royal Oak now ranks third. This year's lower student enrollment (down 1,632) of course has a reducing effect on the Board's state aid, but unlike the past two years there is good reason to expect that state aid will be paid out in full. On that expectation, the school district is in a reasonably healthy condition.

The Board contends, however, that its local revenue rests on a precarious foundation of citizen support. In order to maintain the current level of operating millage (32.78), it will be necessary to go to the voters for renewals in each of the next four years (5 mills expire in 1973, 6.5 mills in 1974, 6.75 mills in 1975, and 5 mills in 1976). The Board is particularly anxious about the recent five mill increase. It was defeated in March of this year when presented as a three-year proposition. Modified to a one-year proposal, it passed in June by a narrow margin. The Board foresees major curtailments or a disastrous deficit in 1973-74 if the five mills are not renewed next spring. And it warns of likely voter hostility if it appears that teachers are preempting the district's new local revenue for their own economic benefit.

To be sure, these are serious and proper concerns. When the new millage was presented in March, a citizens' committee campaigning for the proposal publicly represented that 1 mill would be required for "salary improvements approved in 1971-72" and 1 mill for "cost of living increases anticipated in 1972-73." Two mills were intended for the "present deficit" and one for "restoration of cuts initiated in 1972-73." As it developed,

the year-end deficit in June (\$444,000) did not consume two full mills. (Each new mill yields \$375,000 in revenue.) The cost of incremental progression under the 1971-72 salary schedule is \$266,000 -- again, something less than a full mill.

Nor is the fact finder's salary recommendation in conflict with the voters' understanding. As already stated, the recommendation nets out to a cost of living adjustment of 4.15 per cent. That, of course, was one of the intended applications of the new millage. The estimated cost of the recommended salary increases is \$430,000 -- more than one mill but considerably less than two. But more to the point, the full cost of salary increases does not come out of new property taxes. State aid last year averaged \$6588 per teacher; this year, if no portion is held back, it will average \$6835 per teacher, an increase of \$247. Since the suggested salary increases average out to \$514, it will be seen that the fact finder's recommendation can be financed by less than a mill. There is, in short, no breach of faith with the electors in the recommended salary settlement; it is fair to the Board, fair to the teachers, and fair to the citizens of Royal Oak.

DURATION OF AGREEMENT

The R.O.E.A. proposes a two-year contract stipulating an automatic 5.5% salary increase in 1973-74 and second-year improvements in health insurance. Although there is no history in Royal Oak of multi-year economic agreements (the 1966-69 contract included annual reopeners and thereafter the parties negotiated on a yearly basis), the Association points to five other Oakland county school districts that have recently concluded two or three year agreements with fixed salary schedules for the full term of the contract.

The Board resists this proposal on the ground that revenues for 1973-74 are too speculative to warrant an advance salary commitment. As indicated, Royal Oak faces an important millage renewal election next spring. No one can be confident of its outcome. Also, the recent defeat of state Proposal C means that a dramatic restructuring of educational financing in Michigan is not imminent. The fact finder therefore agrees with the Board that it is unrealistic, this year at least, to deal other than on a one-year basis.

SUPPLEMENTAL COMPENSATION

Royal Oak teachers have been paid "supplemental salaries" for a variety of special duties -- e.g., coaching athletic teams, directing school orchestras, guidance counseling and the like. This extra compensation is a stated percentage of salary. It currently ranges from 12% for head varsity football coach to 2% for assisting with cheerleaders. The R.O.E.A. requests several changes in supplementals.

First, it is asked that the 1971-72 schedule be "unfrozen." Last year's contract expressly provided that a teacher's supplementals were to be computed on the basis of his or her 1970-71 salary level, and thus step increment was denied an effect on supplemental compensation. The Association's request seems entirely reasonable. To refuse it would be to convert a temporary expedient into a regular practice, and so far as the fact finder was informed, other school districts in which supplementals are a percentage of salary use current salary as the basis.

The other R.O.E.A. proposals would either revise the rates (e.g., for wrestling and tennis coaches, band and orchestra directors), enlarge the periods of entitlement (e.g., football and cross-country coaches), or redefine the duties for which extra compensation is paid (e.g., vocational education coordinators). The fact finder was not persuaded that these are matters of palpable inequity and so does not recommend a change.

FRINGE BENEFITS

1. The R.O.E.A. seeks to clarify the family hospitalization insurance options available to teachers. Article XXI, §1 of the 1971-72 agreement provides for full-family Blue Cross/Blue Shield coverage and also permits teachers to elect one of six other insurance carriers, including The Michigan Education Special Services Association (MESSA). The request is for language which explicitly recognizes a teacher's right to convert his or her coverage to MESSA with the Board paying the Blue Cross/Blue Shield equivalent of the alternative policy. The Board did not demur to the R.O.E.A.'s suggestion at the hearing. For that reason and because it involves no additional cost, the fact finder recommends acceptance of the Association's request.

2. Until last year, Royal Oak teachers had no employer-paid life insurance. Their only death benefit was a pay-out of accumulated sick leave

days. In 1971-72 the Board granted teachers a choice of accrued sick leave or \$5,000 of term life insurance. The R.O.E.A. now asks that the insurance be increased to \$15,000 and the sick leave option eliminated, at an estimated additional cost to the Board of \$30,000.

The Association concedes that \$15,000 coverage is well above the state and county average, but it argues that its "low" salary demand justifies better fringe benefits. The R.O.E.A. also points out that administrative personnel enjoy \$10,000 insurance coverage and are entitled to sick-leave payout as well.

The fact finder agrees that the present death benefit is in need of improvement, but for reasons apart from the alleged inadequacy of salaries. The present \$5,000 coverage is below the norm for other teachers in Oakland county (viz., \$8,500). The maximum possible payment under the sick leave option is about \$10,000, and younger teachers obviously would fall short of that amount. Accordingly I recommend that life insurance coverage be increased to \$10,000 and accrued sick leave be discontinued as a death benefit.

3. The R.O.E.A. requests a "cost of living allowance" payable four times a year and based upon intervening increases in the Consumer Price Index. It also seeks "longevity pay" in the amount of 0.5% of salary after 14 years, -1% after 19 years, and 1.5% after 24 years of service. The Association has not asked for cost of living in prior years; it has made previous proposals for longevity pay. There are no school districts in Oakland county which pay cost of living allowances, although they are not unheard of in teacher contracts. Several Oakland county districts do have longevity pay, either in fixed sums or as a percentage of salary. The R.O.E.A. views its requests as yet another way of upgrading teachers' compensation in light of salaries it considers inadequate.

Since the fact finder has recommended a pay schedule which he deems fair and fiscally responsible, and since the cost of these fringes is considerable (\$161,000 for cost-of-living when computed under the R.O.E.A.'s salary proposal; \$22,000 for longevity), I do not recommend their acceptance.

SEOVEC CALENDAR

Just prior to factfinding, the parties worked out a revised school calendar for Royal Oak. The calendar adjusts to the strike-delayed opening

of school by extending the school year from September 25, 1972, to June 29, 1973, thereby providing 181 days of instruction and 185 teacher workdays.

Still unresolved is the calendar for the Southeast Oakland Vocational Education Center. SEOVEC, a county-funded center offering centralized teaching of vocational skills to students in several districts, is under the administrative management of the Royal Oak school board, and its forty teachers are members of the R.O.E.A. bargaining unit. SEOVEC also opened late because of the strike. Its instructors, however, reported on September 20th, five days before Royal Oak schools opened. There is no dispute as to a revised instructional calendar of 181 days. But the parties disagree over the number of nonteaching workdays. The Board proposed two such days -- September 20 and June 15. The Association demands two more -- January 20 and June 2.

The teachers' argument is that the two additional days are needed for card marking (grades being due by January 26 and June 8). The Board's answer is that student attendance falls off in late April because of spring recess in some students' home districts, and again in mid-June because seniors are excused from classes and juniors are taking exams at their home schools; accordingly SEOVEC teachers should have time on slow school days to complete their record keeping.

In 1971-72, SEOVEC provided the same number of teacher workdays as the Royal Oak district. The last two days of the spring semester were nonteaching days, for the purpose of taking inventory, filing requisitions, cleaning and locking up equipment. No days were set aside for card marking. It appears to the fact finder that there is no need to designate January 20 and June 2 as teacher workdays, and to that extent he shares the Board's view. Nevertheless, if the Board wishes to draw its arguments from the 1971-72 SEOVEC calendar, it should reserve two teachers workdays for clean-out purposes after classes end in June, i.e., June 15 and 16, as was done last year. I so recommend.

ARBITRATION

Since the parties' first agreement in 1966, arbitration has been the final step of the grievance procedure. The contract provides, however, that "the award of the arbitrator shall be advisory upon the Association and the

Board." In the past six years there have been two advisory awards, one in favor of each party, both accepted by the Board.

The R.O.E.A. requests that arbitration be made binding. The fact finder endorses this request. Binding grievance arbitration is a common feature of labor agreements, including teacher and other public employee contracts. It has worked well. It has not, as the Board fears, discouraged settlement of grievances at earlier steps and its effect on employee morale has been salubrious.

AMNESTY

On the first day of hearing the R.O.E.A. introduced a request for an "amnesty clause," obligating the Board in express terms to refrain from taking "reprisals in any manner or form against teachers for participation or lack thereof in their job action in 1972." The Board takes strong exception to the clause, both as to its specific language and its overall tenor. The Board observes that at least two of the matters in dispute before the fact finder are strike-related: Fall 1972 supplemental pay for football coaches and the number of workdays in the SEOVEC calendar. It regards its position on these matters as non-punitive, but foresees a claim by the Association that any diminution of a teacher's compensation, even though a reasonable consequence of a strike-delayed school opening, is a breach of the amnesty provision. Beyond that, the Board considers the clause offensive in its connotation that reprisals have been threatened. The Board says that it has made no threats and has no wish to punish teachers.

Michigan statutes do not specify any sanctions for "job actions" by public employees, much less make their imposition mandatory. The fact finder believes that the amnesty request would not promote harmonious relations between the parties. I believe that the Board's statements in these proceedings were sincere and should be accepted by the R.O.E.A. as a sufficient assurance.

In concluding, the fact finder expresses his appreciation to both parties for the quality of their presentations. I hope that this report will be of help in bringing this year's negotiations to a fair and amicable conclusion.

Maurice Kelman

MAURICE KELMAN, Fact Finder

Dated: November 21, 1972.