

1/24/77

In the matter of the Fact-Finding Hearing between
CITY OF ROYAL OAK SCHOOL DISTRICT

-and-

COUNCIL 23, AFSCME, LOCAL 1857

William Martin

This Fact-finding report was authorized under the provisions of section 25 of Act 176 of Public Acts of 1939, as amended, and the Labor Mediation Board's regulations in connection herewith. The undersigned Fact Finder was authorized to issue a report with recommendations regarding the matters of disagreement between the City of Royal Oak School District and Council 23, AFSCME, Local 1857. A hearing was conducted at the Michigan Employment Relations Commission office, December 13, 1976 at 10:00 A.M.

APPEARANCES

For Council 23, AFSCME, Local 1857

Jane Urbin, Executive Board
Frank Moore, President of the Board
Bill J. Burling, Rep. Council #23

For City of Royal Oak School District

Dick Mosher, Attorney-Board of Education
Earl Steinhart, Dir. of Personnel & Admin. Services
Bruce K. Potthoff, Exec. Dir. Business Affairs
Edward M. Hoot, Asst. Supt., Royal Oak Board of Education

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Background and Positions of the Parties

An agreement between the parties was entered into on July 1, 1974 and continued in full force and effect to and including June 30, 1976. Since June 30, 1976 the parties have been in several negotiating sessions. There are certain issues on which the parties did not reach agreement and it was at this stage, after offers and counter offers, that a request for fact-finding was obtained.

The requests to the fact finder (in Metropolitan Council #23 October 13, 1976 letter to Michigan Employment Relations Commission) were the following:

1. Wages
2. Pay for Mileage When Employees Use Privately Owned Car
3. Life Insurance
4. Dental

At the December 13th meeting it was agreed by both parties to add a fifth item for fact-finding:

5. Hospitalization

In the fact-finding brief (Union Exhibit 1) submitted by Council #23, AFSCME, Local 1857, hereafter referred to as the Union, they submitted to the fact finder the contracts for the following school districts as a basis of comparison:

1. Hazel Park School District (Union Exhibit 6)
2. City of Pontiac School District (Operation)(Union Exhibit 4)
3. Waterford School District (Union Exhibit 3)
4. Bloomfield Hills Schools (Union Exhibit 5)
5. Lamphere Board of Education (Union Exhibit 2)

During the fact-finding session the Royal Oak Board of Education, City of Royal Oak School District (hereafter referred to as the Board) submitted verbal testimony on all of the above and did submit Board Exhibit 1, a fact-finding report dated December 13, 1976 (with the following school districts for comparison: Birmingham, Bloomfield Hills, Farmington, Ferndale, Hazel Park, Rochester, Southfield, Waterford, Troy) and Board Exhibit 2, Page 2 beginning Article XII for the fact-finder.

WAGES:

The Union, in Union Exhibit 1, entered the following statement and evidence for the fact-finder.

"The Union's last counter proposal: A one year contract, seven percent (7%) across the board effective July 1, 1976.

By using the maximum pay step for 1975-1976 Salary Schedule, the average pay would be \$5.16 for all classifications, seven percent (7%) of this average rate would be thirty-six cents (.36¢) per hour.

Listed is the Salary Schedule now being paid by the Royal Oak School District and the district being used for comparison.

According to the comparison scale, the school district of Royal Oak is below in most classifications. Therefore, the Union feels that their demand on wages is not out of line and should be granted. Also, the cost-of-living increase during the term of the contract by sixteen percent (16%). See the United States City Average for July, 1974 and the July, 1976.

148.3 points - 171.1 points = 23.8 increase

23.8 - by 148.3 = 16%"

The Board in it's post-hearing brief countered with the following argument and evidence.

"The position of the Board is that the Union should accept the Board's last offer of a four-and-one-half percent (4-1/2%) across-the-board increase for each classification.

The position of the Union is that the Board should accept the Union's last demand of a seven percent (7%) across-the-board increase for each classification.

The Board's position on wages is simply stated. The Board has offered the Union a fair and reasonable wage proposal which will have the effect of maintaining and, in fact, improving the Board's position as one of the highest paying districts in Oakland County.

Board Exhibit 1, page 15, entitled "County Ranking of 1975-76 Compensation" outlines the various job classifications used by the Board and compares the maximum wage rate paid by the Board for each classification to the average maximum wage rate for each classification by other Oakland County school districts. This exhibit clearly demonstrates that the Board, during the 1975-76 school year, paid wages in excess of the county average in all but one of the twenty-three (23) job classifications (Bd. Ex. 1, p. 15). This fact was not disputed by the Union.

The Board contends that its wage offer for the new contract will preserve and in fact improve the Board's position as one of the highest paying districts in Oakland County."

In verbal testimony and in post-hearing briefs the Board and the Union established that the contracts submitted to the fact-finder by the Union, Union Exhibit 2 through 6, were selected not upon a "like student" enrollment with Royal Oak or their proximity to the Royal Oak School District, but rather that they were selected because the Union, in this case, represents the collective bargaining group. Both the Board and the Union are agreed that any negotiated increase in wages should be retroactive to July 1, 1976.

PAY FOR MILEAGE WHEN EMPLOYEES USE PRIVATELY OWNED CAR

At the fact-finding hearing this issue was settled and agreed upon in the following manner.

"As agreed to at the hearing, the Employer will pay twelve cents (.12¢) per mile with language put in the contract that the School Board shall give to Local 1857 the same mileage increase given to any other group in the Royal Oak School District."

LIFE INSURANCE

The Union position on Life Insurance is as follows: (Union Exhibit 1 Page 6)

"The Union's last counter proposal was \$15,000 Group Life and Accidental Death and Dismemberment benefits for all employees covered under the agreement provided by the employer.

LIFE INSURANCE (continued)

For the record, the Union's first demand was twenty thousand dollars (\$20,000) for all employees.

- (a) Hazel Park (Contract, page 11)
Life Insurance - \$10,000.00
Accidental Death and Dismemberment - \$10,000.00
- (b) City of Pontiac (Operation Employees), Page 9 of contract, \$10,000 with double indemnity for accidental death or dismemberment for full time employees.
- (c) Waterford School District (Article 20 of contract)
Custodial and Maintenance employees - \$9,000.00 for 1976 and \$9,500.00 for 1977. Transportation and Cafeteria employees \$6,500.00 for 1976 and \$7,000.00 for 1977.
- (d) Bloomfield Hills Schools, page 35
Group Life, effective 1976 \$8,000.00
- (e) Lamphere Schools, page 24
Group Life Insurance of \$15,000.00

Based on the fact that insurance agencies use the formula of two times the yearly base rate, is where the amount of the insurance should be. Average rate of pay \$5.16 x 2080 hours = \$10,732.80 x two = \$21,465.60. The Union feels this demand is a fair and justifiable and should be granted."

The Board's position which is found in their post-hearing brief, pages 6 and 7, is as follows:

"Additionally, the Board provided \$10,000 of group term life insurance to all eligible employees except cafeteria employees who received \$5,000 coverage.

It is the Board's position that the insurance benefits to be provided should be viewed as a single package. It is the Board's position that the insurance benefits, when viewed in this light, are competitive with insurance benefits offered employees in other comparable school districts."

LIFE INSURANCE (continued)

The Board provides \$10,000 group term life insurance to all employees except cafeteria employees who receive \$5,000 coverage. Board Exhibit 1 indicates that three of the surveyed districts provide cafeteria employees with lesser life insurance coverage than custodial and maintenance employees. In large part, this fact is based upon the fact the cafeteria employees have a shorter work year than custodial and maintenance employees.

The Board's position on life insurance has been stated previously. In a period of rapidly increasing insurance costs, the Board should not be required to provide additional coverage. This fact is especially true where the \$10,000 group term life insurance provided to non-cafeteria employees is equal to the best coverage provided by any comparable district."

DENTAL

The Union's position on Dental Insurance was found in Union Exhibit 1, pages 7 and 8 as follows:

"The Union's last counter proposal was Great West Dental Plan 50/50 fully paid for by employer.

For the record, the union's first demand was a 60/40 Delta Dental Plan for all employees covered under the agreement fully paid for by employer. This was with an orthodontic rider 0-1.

The Board is fully paying for a Great West Dental Plan 50/50 for the Royal Oak Education Association (Teacher contract).

DENTAL (continued)

Based on this, Local 1857 AFSCME, in the #1 counter dropped to the same Dental Plan, knowing this would make the cost to the employer much less than the Delta Dental Plan.

- (a) Hazel Park Schools, (page 10)
Each employee working five (5) or more hours per day shall be provided Delta Dental Plan "C" paid by the employer fully.
- (b) City of Pontiac (Operation), Page 9
Dental Insurance - Effective July 1, 1976, the Board shall provide for all employees dental care insurance. Full time employees shall be provided 70% payment of basic dental services and 50% payment of prosthodontic services with a \$1,000 maximum per eligible family member per year. Part time employees shall be provided 50% payment of basic dental services and 50% payment of prosthodontic services with a \$1,000 maximum per eligible family member per year.
- (c) Waterford Schools, Article 20
As of January 1, 1977 the Board shall provide full time eligible employees with Dental Insurance.
- (d) Bloomfield Schools
No Dental
- (e) Lamphere Schools
No Dental

The Union feels the demand of the Dental Plan is fair and justifiable based on the fact that the employer is paying for a plan for the teachers in the district and that most of the school districts listed are now providing a Dental Plan for their employees. The Union feel that by the employer meeting this demand, they would be treating their employees equal."

DENTAL (continued)

The Board's position is outlined in their post-hearing brief on Page 9 and is as follows:

"It is against this background that the fact finder must view the Union's demand that the Board pay the full premium cost of a new dental insurance program. In a time when the cost of existing medical insurance has doubled, the Union is demanding that the Board pay the full cost of existing coverage and in addition provide new coverage and pay the entire cost thereof. The Board cannot agree to the Union's demand.

The Board attempted in its counterproposal to meet the needs of the Union while keeping economic realities in mind. As Mr. Pothoff testified, the insurance area has been a problem area in negotiations with each bargaining unit in the district. He testified that the Board had considered several alternative proposals for dealing with insurance cost increases. These proposals included the capping of insurance premiums, different coverages and employee contributions to premiums. The Board determined, after discussion with some of its carriers, that it would propose to have its employees contribute toward the premium payment. As Mr. Pothoff stated, this would make the employee a partner in attempting to keep premium costs down and thus would encourage judicious use of applicable coverages. Therefore, the Board proposed that the employee contribute \$5.00 per month toward the cost of the medical/hospital/surgical/master medical coverage and \$6.00 per month toward the cost of the dental plan."

HOSPITALIZATION

The Union, in Union Exhibit 1, Page 9, 10 and 11, states that

"The Union's last counter proposal was for the hospitalization insurance article to remain as now written in the agreement between Local 1857, Council #23, AFSCME, and the Board of Education School District of the City of Royal Oak. This is to be found on Page 29 under Article XIX."

The Board's position as outlined in testimony at the hearing and in their post-hearing brief is as follows:

"Testimony at the fact finding hearing clearly demonstrated that the cost of medical insurance has sky-rocketed in the last few years. For this reason the Board has proposed that each employee begin paying a portion of the premium cost for such coverages.

Mr. Pothoff testified that the current medical/hospital/surgical/master medical coverage to be provided in the new contract is the same as provided under the prior contract. More important, however, was Mr. Pothoff's testimony relating the cost of purchasing such coverage. He stated when the parties negotiated the prior contract in 1974 the cost of medical insurance was as follows:

Single Person Coverage	-	\$19.54 per month
Two Person Coverage	-	\$41.58 per month
Full Family Coverage	-	\$48.74 per month

Subsequent to that time the Board has experienced two rate increases. It must be remembered that covered employees are the sole beneficiaries of these rate increases since they are the individuals who receive benefits under the applicable insurance policies. In

HOSPITALIZATION (continued)

effect, insurance rate increases constitute a non-negotiated increase cost to the Board, and it is the Board's position that these non-negotiated increased costs must be considered when determining the insurance benefits to be provided under the contract.

In addition to the prior rate increases, the Board has been informed that it will experience another rate increase of at least twenty-five percent (25%) in April 1977. Thus, the following depicts the non-negotiated increased cost of medical insurance which the Board has incurred in the past and will incur during the life of the new contract.

	<u>As Originally Negotiated</u>	<u>April, '76</u>	<u>Projected April, '77</u>	<u>% Cost Increase</u>
Single Person Coverage	\$19.54/mo	\$30.70/mo	\$38.38/mo	196.4 %
Two Person Coverage	\$41.58/mo	\$70.14/mo	\$86.68/mo	208.5 %
Full Family Coverage	\$48.74/mo	\$76.17/mo	\$95.21/mo	195.3 %"

Throughout the Board's post-hearing brief, the Board's position is to provide a package that includes Medical/Hospitalization/Surgical/Master Medical Insurance and Dental Insurance. The Board further states that this type of coverage that was described at the fact-finding hearing was never in dispute but rather the combining of the hospitalization and dental insurance into some type of "Medical Deductible Premium" should be the direction in which both parties move.

DISCUSSION AND RECOMMENDATION

It is evident to the fact finder that both the Union and the Board presented outstanding briefs in this dispute. In addition the Board has exercised fiscal responsibility and integrity of the highest order in its undertaking to carry out what it feels is its commitment to the taxpayers of its community and in maintaining a School District which it feels meets the current and future needs of its society. The Union on the other hand, likewise strongly feels that they have a commitment to the taxpayers of the district and appears to be constantly desirous to improving the harmony and interface it has with the students and the taxpayer. With this obvious sincerity of each of the parties herein, the task of determining the recommendations as hereinafter set forth, was indeed difficult.

PAY FOR MILEAGE WHEN EMPLOYEES USE PRIVATELY OWNED CAR

At the fact-finding hearing this issue was settled and agreed upon in the following manner:

"As agreed to at the hearing, the Employer will pay twelve cents (.12¢) per mile with language put in the contract that the School Board shall give to Local 1857 the same mileage increase given to any other group in the Royal Oak School District."

LIFE INSURANCE

The insurance documentation on both sides was plentiful and accurate in its presentation. Life insurance is a function, the fact finder believes, of age and consequently the decision on insurance is as follows (knowing that the cost is 19-1/2¢ per thousand):

The cafeteria workers be raised to \$7500 (at a cost of approximately 48.75¢). Historically, the reason for the cafeteria workers' lower insurance rate is based on past customs and practices. If the Union, as it contends, does not practice discrimination within its midst, I propose to hold for the other employees the present rate of insurance of \$10,000 per employee.

DENTAL

In the presentation on both sides the Board and the Union presented outstanding figures on the cost of Dental Insurance. This is a new benefit and neither side disputed that in the future there would be rising costs. It is the wish of both parties during given testimony and in briefs to maintain financially sound school districts. In the other contracts that the Board has with a) administrators, b) clerical, c) teachers, the Dental Insurance is fully paid.

I find that this policy and procedure should be followed with this bargaining unit contract and recommend that the Dental Insurance be free. At a monthly cost of \$11.84 per employee ($\$11.84 \times 12 = \142.08 per year), this equates to approximately, at 1975-76 salary schedule ($\$5.16 \times 2080$ hours = \$10,732.80, Union Exhibit 1, page 6), an 1.3% increase.

INSURANCE (Blue-Cross and Blue-Shield)

The direction of the national cost of Blue-Cross/Blue-Shield as testified to by both parties is in a continuous upward direction. The Board expects a substantial rate increase in April, 1977. The Union recognizes this and is sympathetic. I recommend that the Union and the Board agree to a Medical/Hospitalization/Surgical/Master Medical Insurance and Dental

Insurance package. In the other contracts that the Board has settled the a) administrators and b) clerical contribute \$10.00 per month for a total of \$120.00 per year to the Blue-Cross/Blue-Shield costs and they get their dental free. In the last contract the teachers have agreed, in their master agreement, to reduce their salary increase in the third year of their contract if the Medical Insurance costs increase in 1977 in excess of 20%.

I recommend that since the other bargaining units in the school districts are contributing to their Blue-Cross/Blue-Shield cost, that in this one year contract the Union agree to its members paying \$9.50 per month from the date of this signed contract but no later than April 1, 1977, the date of the next expected Blue-Cross/Blue Shield increase. The retroactivity of a "take-away" (back to July 1, 1976) is not a pleasant aspect, but the principle of participation by the employees in the health care benefit has been established. This amounts to ($\$9.50 \times 7 = \66.50 for seven months or $\$9.50 \times 9 = \85.50 for nine months) approximately 0.6% to 0.79% increase on the 1975-76 salary schedule. I have purposely made this less than the \$10.00 per month as in the other two contracts because it is my understanding it is a multiple year agreement with the administrators, clerical, and teachers.

It is my suggestion that the parties complete this 1976-77 contract as soon as possible and enter into a multiple year contract for the protection of the Union

and its members and the School Board and its taxpayers.

In a one year contract the hard feelings that prevail on both sides often make a reasonable settlement difficult.

WAGES

In the Union fact-finding brief which was presented December 13th, the Union made a number of comparisons with the Royal Oak, Hazel Park, Pontiac, Waterford, Bloomfield Hills and Lamphere School Districts. In the above named comparison the Union showed that in most instances Royal Oak was below the other contracted school districts. The Board, on the other hand, contends in its brief that the Union exhibits should be disregarded since they are misleading and inaccurate and the only accurate information before the fact-finder is that presented by the Board. I do not believe that the Union meant to mislead the fact-finder or the School Board by using as it did the continuing 1975-76 pay scale of Royal Oak. It is the fact-finder's opinion that this was an honest oversight on the Union's part. The Board presented an entirely different set of facts using as their example Bloomfield Hills, Farmington, Birmingham, Ferndale, Hazel Park, Rochester, Southfield, Waterford, and Troy. The matter of which comparisons to use must be controlling. In announcing the wage recommendation, the fact-finder is not moved by the cost of living increase because in most cases all participated equally in this national trend.

The fact-finder recommends that the Board offer a wage increase of 5.50% (using the two sets of contracts for comparison and the Metropolitan Detroit Bureau of School Studies it appears that, using all of the above information, the wage increase is 5.50%).

Both parties are to be commended for their professionalism and the fact finder is convinced that they will concern themselves in the future with the primary purpose of providing quality service to the Royal Oak School system.



WILLIAM R. D. MARTIN, FACT FINDER

January 24, 1977