1623 Rudyard 1/14/76 FF

STATE OF MICHIGAN

EMPLOYMENT RELATIONS COMMISSION

FACT FINDING PROCEEDINGS

In the Matter of Fact Finding between:

RUDYARD AREA SCHOOLS,

and

RUDYARD EDUCATION ASSOCIATION

Rudyard Area Schools

REPORT AND RECOMMENDATIONS OF FACT FINDER

Fact Finder: James R. McCormick

Representing Association: Lyle Painter

Representing Board of Education: Kevin S. Harty, Labor Relations Consultant

Hearing Held: December 12, 1975 at Rudyard, Michigan.

Report and Recommendations Issued: January 14, 1976.

This matter came on for hearing before the undersigned Fact Finder pursuant to his appointment under the procedures of the Michigan Employment Relations Commission to conduct a Fact Finding hearing under Section 25 of the Labor Relations and Mediation Act, Michigan Compiled Laws Section 423.25 and under the Rules and Regulations of the Employmen Relations Commission . The matter was submitted to Fact Finding upon the request of the Association after an impasse in bargaining over the issue of the salaries to be paid to the teachers for the 1975-1976 school year. All other issues in the course of the bargaining were tentatively resolved with exception of the salary issue.

POSITIONS OF THE PARTIES:

For the 1974-1975 school year the BA base salary was $8,900, to which was added a cost of living payment at the end of the school year in the amount of $489, so that a teacher at the BA base received total salary for the year of $9,389. The Board proposes a 1975-1976 BA minimum salary which would bake in the previous year cost of living so that the new teacher this year would receive $9,389. In addition all teachers would receive the benefit of having the Board pay their 5% annual contribution to the Retirement Program. Accordingly, a beginning BA teacher under the Board's proposal for this year would receive $9,389 plus the 5% Board-paid retirement of total employee compensation for a total effective income (not including other fringe benefits) of $9,858. All steps of the BA and MA schedules would be increased in like manner. That is to say, teachers would receive last year's salary plus the bake in of last year's cost of living allowance plus 5% retirement contribution by the Board. If these improvements are added to the automatic annual step increases payable to all teachers except those already at the 10th and maximum step, the net increase would vary from 10.9% for a second year teacher to as high as 13.4% for a third year teacher and as low as 5% for a teacher already at the maximum step. The reason for the disparity is, of course, that the teacher already at the maximum step of the salary schedule would not receive the benefit of an automatic step increase but would be limited to the Board's absorption of the 5% retirement contribution.

The Union proposes that to the last year beginning BA salary of $8,900 be baked in the $489 last year cost of living allowance for a total of $9,389 as the base salary for this year, to which would be added a 5-1/2% cost of living allowance amounting to $516, resulting in a base salary of $9,905 plus the Board absorption of the 5% retirement contribution for an effective beginning BA salary this year of $10,400.

This would involve just slightly over $1,000 in new money at the BA base (last year's BA base with cost of living being $9,389). Under the Association's proposal all steps would be increased in like manner. As a result a teacher going from last year's first step of $9,389 to this year's second step with the cost of living bake in plus the new year's cost of living plus the 5% retirement figure would receive an effective salary for the second year of $10,991, a dollar gain of $1,602. That represents a 17% increase over the effective salary of the same individual who labored at the BA base last year. According to this method of calculation the dollar increases, when automatic step increases are included, range from 17% at the second step to 19.7% at the third step, several other steps in the range of 16 or 17%, and a dollar increase of 10.7% for a teacher who was already at the 10th or maximum step last year. The disparity, once again, is explained by the fact that such an individual would not receive an automatic step increase but would be limited to the $516 (5-1/2% of base) new cost of living allowance and the Board absorption of the retirement contribution of 5%.

The Association presented voluminous exhibits clearly establishing the Board's financial ability to pay all of the teacher demands and still have an end of the year surplus in the neighborhood of one million dollars. This is a district with a relatively small annual budget. The teachers emphasized that certain other professionals are better compensated than teachers as well as the fact that Rudyard is not exceptionally well paid if compared to down-state metropolitan area school districts. The state-wide ranking of Rudyard teachers for last year and for this year under the twofold proposals is not clear but abstracting from the documentation in the record the Fact Finder concludes that Rudyard has over the last few years been at least in the top 25% of school districts state-wide. As far as the eastern Upper Peninsula is concerned (the area in which Rudyard is located) Rudyard has been at least since 1971 the salary leader among the several districts in that region. The Board's proposal would retain that leadership despite the fact that a 5% increase would not keep up with the increase in cost of living during the last 12 months.

Rudyard is easily able to pay the salary demands of the Association without deficit financing and the Board id quick to admit this fact. The Board stresses that ability to pay is not the disputed issue in the case. Rather the Board points to the other two major factors in determining equitable teacher salaries: comparability to other school districts and cost of living increases.

With respect to the cost of living increases the Board cites, presumably as the relevant figure, the increase in the Detroit area cost of living between September, 1974 and September, 1975. The undersigned Fact Finder has had occasion to study statistical data on teacher contract settlements in other areas of the state and is aware that in the Detroit metropolitan area the average teacher salary increase (including where relevant the absorption by Boards of Education of the 5% retirement costs) is close to 8% this year. Few districts in the state are as well able as Rudyard to match the in roads of inflation on teacher salaries. To that extent the cost of living increase, which must be recognized as being at least 7% during the last year, militates in favor of an effective salary schedule increase of at least 7%, everythir else being equal. The undersigned essentially discounts the automatic step increases as part of the so-called "new money". For many years it has been the practice in school employment to pay teachers according to a salary schedule providing for automatic step increases for each of the first 10 or 11 years of employment. Undoubtedly the theory behind this method of compensation is that teachers become more valuable to the school system year by year as they gain increased professional experience. Whether a 9th year teacher is in fact substantially more competent than a typical second year teacher may be debated by some but until those who determine these matters adopt different and perhaps more relevant set of criteria for recognizing increased professional capability, the presumption holds that the annual step increases are essentially a recognition of increased productivity of the employee in terms of both quantity and quality of work. Longevity is also undoubtedly a consideration in the structure of teacher salary schedules, that is to say, longevity as contrasted with increased ability. However, the dominant factor in the annual step increases is understood to be a recognition of the fact that teachers increase in their level of professional performance as they move from novices to seasoned professionals.

Accordingly the undersigned does not deem it realistic from a labor relations point of view for the Board to seriously include the step increases received by teachers who last year were not already at the 10 year maximum as part of the 1975-1976 salary improvements. When the step increase is ignored the Board's offer comes down to a flat 5% improvement factor. By the same token the Association's demands equate to slightly better than 10-1/2% improvement factor. Considering the level of inflation as being perhaps slightly in excess of 7% during the ensuing year since the last contract went into effect, coupled with the fact that Rudyard was already at the top of the heap in the eastern Upper Peninsula, there is no justification for demands in the neighborhood of 10-1/2%. The Association must be faulted for insisting upon an unrealistic increase to the point of impasse.

The Board's 5% offer would not do violence to its position as the leader among eastern Upper Peninsula districts as well as the leader among all school systems of its size in the Upper Peninsula, but the fact remains that 5% increase results in the teachers having somewhat less real income this year than last. Nation-wide, employees represented by labor organizations have during the last year just barely maintained their real income as a result of negotiated wage increases. In many areas and in many specific situations employees have lost in terms of real income during the last year. In the public sector this has been a direct result of the inability of the governmental entities to raise sufficient revenue through taxation to increase salaries at the level of the rate of inflation. This Board of Education could pay 7 or 7-1/2% in terms of retirement and other salary improvements without having its financial position jeopardized. On the other hand, increases in that amount would propel the district far above other comparable Upper Peninsula school systems. Simply because this district contains within its territory a major Air Force base and is therefore the beneficiary of substantial federal funds is not justification for a salary schedule that is out of kilter with all comparable districts.

Presumably these negotiations ended in an impasse and fact finding proceedings because the Association stood on demands which could not be justified in terms of inflation or comparable school districts while the Board adhered to a 5% retirement offer which fell far below the level of inflation. Reasonable minds should have been able to reach some compromise between these poles.

From my exposure to these parties and the data provided in the hearing it is my belief that a settlement of this dispute could be reached if the Board were to sweeten its last offer by agreeing to an additional 1% on the salary schedule itself. This would result in 6% improvement factor (5% on retirement plus 1% on the salary schedule). While that is still at least 1% below the in-roads of inflation during the last year, it nevertheless would have the effect of boosting Rudyard farther yet above the comparable and competing eastern Upper Peninsula school districts. There is no doubt but that arguments could be made for the Board's 5% offer since it maintains comparability, while other arguments could be made for the Association's 10-1/2% demands since they are fundable by the Board and would not result in a salary schedule without its counterparts in southern Michigan.

In consideration of all of the factors in this case this Fact Finder finds and concludes that the Board should , over and above its last offer, agree to a 1% additional improvement on the salary schedule. The Association should accept the settlement in that amount and bring an end to this series of negotiations which have taken place over a period of approximately 10 months.

It is further recommended that the parties, upon receipt of this Report, immediately contact the appropriate State mediator and make arrangements for an early meeting at which the findings and recommendations herein shall be discussed and efforts made to reach final agreement on a new contract.

James R. McCormick

JAMES R. McCORMICK, Fact Finder