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MICHIGAN EMPLOYMENT RELATIONS COMMISSION

IN THE MATTER OF
THE FACT FINDING
BETWEEN

SAGINAW VALLEY STATE UNIVERSITY,

Employer,

MERC Case No. L95-C-3031

and

SAGINAW VALLEY STATE UNIVERSITY,
SUPPORT STAFF ASSOCIATION/MEA,

Union

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FACT FINDING REPORT AND RECOMMENDATION

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HEARING DATE: April 10, 1997

APPEARANCES

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BACKGROUND

The Association represents secretarial and clerical employees and employees in the physical plant division. There are 145 members in the bargaining unit. Ability to pay is not an issue.

This report consists of recommendations for contract changes for 1995-1996, 1996-1997, and 1997-1998. The Employer poses the issue in terms of total compensation as follows:

TOTAL COMPENSATION PROPOSAL

	SVSU	MEA
Year 1	2.89	6.50
Year 2	3.85	4.56
Year 3	2.69	4.75
3 year total	9.73	16.65

(SVSU proposal includes longevity, step increases and one percent (1%) pension increase contribution for year 2)

The Association defines the issues as follows:

II. ISSUES

Issue Number 1: Wages

A. Wage Increases

	Employer Position	*Association Position*
1995-96	1.75% increase	3.5% increase
1996-97	2.0% increase	3.5% increase
1997-98	2.0% increase	3.5% increase

B. Skilled Trades Stipend

Employer Position	*Association Position*
Employees in the positions of Electrician or HVAC shall be an additional $1.25 per hour.	Electricians and HVAC employees shall be paid as Grade 7 of the salary schedule.

C. Additional Pay

Employer Position	Association Position
The employer may in its sole discretion waive experience steps and/or increase the rate for any job title it chooses (e.g. electrician)	All employees shall be paid the amount specified by classification and experience on the salary schedule

Issue Number 2: Retirement

Employer Position	Association Position
1% increase in contribution non-retroactive in 1995	1% increase in contribution fully retroactive

Issue Number 3: Insurance Employer Contribution

A. Health Insurance Increases

	Employer Position		Association Position	
1995-96	One Person	$221	One Person	$235
	Two Persons	$430	Two Persons	$450
	Full Family	$440	Full Family	$473
1996-97	One Person	$235	One Person	$253
	Two Persons	$455	Two Persons	$484
	Full Family	$465	Full Family	$509
1997-98	One Person	$240	One Person	$277
	Two Persons	$470	Two Persons	$525
	Full Family	$480	Full Family	$550

B. Dental Insurance Increases

Employer Position	Association Position
$20 per month for either single subscriber or dependent coverage	Single subscriber rate fully paid or $30 per month for employee and dependent coverage

C. Employee Eligibility

Employer Position	Association Position
All employees working 30 hours or more per week, full coverage	Employees working 30 hours or more per week full benefits. Employees working less than 30 hours per week single subscriber coverage.

Issue Number 4: Longevity Payments

Employer Position	*Association Position*
10 to 14 years of service capped at $500 longevity	No cap (current 2% of base salary)
15 or more years of service capped at $750 longevity	No cap (current 3% of base salary)

Issue Number 5: Retroactivity

Employer Position	*Association Position*
No full retroactivity on anything other than wages, and no retroactivity for any employee who left employment during the pendency of the contract dispute.	All economic benefits fully retroactive for all employees who had service during the pendency of the contract dispute.

The purpose of fact finding is to facilitate a settlement within the parameters of collective bargaining. To do so, it is appropriate to borrow relevant concepts from interest arbitration, and to emphasize those aspects of collective bargaining which will most likely lead the parties to a resolution of their contract.

A key concept is comparability, both external and internal. Relevant comparable employers provide a reference point for the appropriate labor market and the wage and benefit level within that market. Internal comparables provide a guideline for equity within the university, and further provide a view of what the university and other groups regard as appropriate compensation levels.

The cost of living is also relevant. Absent an ability to pay argument, it would be expected that the final compensation would not cause an erosion of buying power for the bargaining unit.

Finally, traditional factors that are considered in collective bargaining would also be important. This is not a case where the fact finder must select either of the proposals of the parties, and as a result, the parties need not submit their expected final position in fact finding.

With this background, I will now consider the respective offers of the parties. First, however, I will consider comparability.

COMPARABILITY

At the pre-hearing on December 12, 1996, the parties agreed that the following universities were comparable:

A. Ferris State University (FSU)
B. Delta Community College (Delta)
C. Grand Valley State University (GVSU)

Additionally, the Employer has proposed the following as comparables:

A. Central Michigan University (CMU)
B. Northern Michigan University (NMU)
C. Michigan Tech University (MTU)
D. Lake Superior State University (LSSU)
E. Northwood (Northwood)
F. Citizens Bank
G. Bay Medical
H. Mid Michigan Regional M.C.
I. Saginaw General Hospital

The Association proposes:

A. Oakland University (Oakland)
B. Municipal Employers in the Tri-City Area
C. State and County Employers in Tri-City Area

Also, the following were proposed subsequent to the hearing:

A. Western Michigan University (WMU)
B. Saginaw Public Schools
C. Bay City Public Schools
C. Midland Public Schools

DISCUSSION OF COMPARABILITY

The closest match for the external comparables in terms of the relevant criteria is found among the university group. The job requirements are similar among the university employees. The private employers in the proposal may or may not be unionized. Also, the group of private employers doesn't include General Motors, which presumably would be at the high end of the pay scale. It also hasn't been established that the private employers and the university are in competition for labor except for perhaps the highly skilled employees such as HVAC workers, where the employer is seeking additional compensation.

The parties also present public employers, but the pool of universities is large enough by itself for comparison purposes, and as previously stated, the universities provide the best match for comparison purposes.

Therefore, the external comparables should consist of the universities proposed by the parties. The internal comparables within SVSU consist of the faculty and the administrative and professional A/P unit.

COMPENSATION

It should be noted that bargaining unit employees with ten years of seniority receive 2% of their salary in longevity pay. For employees with 15 or more years of seniority, the longevity pay is 3% of salary. Approximately 55% of the bargaining unit receives some sort of longevity pay. This means that much of the bargaining unit enjoys a significant enhancement to their salary, so that a wage analysis alone fails to reveal the full measure of increases received by most of the bargaining unit.

Further, the parties have agreed to a 1% increase to the Employer contribution for pension benefits. Again, this must be considered when analyzing the value of compensation increases. Merely because an increase occurred in the pension area as opposed to wages doesn't make it less relevant in terms of the overall benefit to the bargaining unit.

The most meaningful measure of comparison, therefore, is the value of the increase to total compensation offered by both the Employer and the Association. A recommendation should be made on the amount of an increase that should be agreed upon for each of the three years of the contract.

The Association may then arrange the increases in those areas that it regards as priorities. This would include all the factors at issue: wages, retroactivity of the 1% pension increase, health insurance increases, deductible insurance increases, employee eligibility for insurance, caps on longevity and retroactivity of economic benefits.

This approach allows the Association to be flexible in achieving its major goals, while affording the Employer a limit on the amount of new monies to be utilized for that purpose.

External comparability is not the best measure for determining the appropriate compensation in this case. That is because it is difficult to compare the various universities in a meaningful way. Many of the comparable universities do not provide for longevity pay and their pension rate is not known. As a result, the comparable value of the pension increase and the relative value of wage increases in relation to longevity pay cannot be determined. Most importantly, there doesn't appear to be a history of the bargaining unit and the Employer using comparable universities as a basis for collective bargaining.

Further, external comparability reveals that neither the Employer nor the Association proposals have a significant effect on the relative ranking. More importantly, external comparability fails to reveal a need for a drastic improvement in wages due to the disadvantaged position of the bargaining unit in relationship to the comparables. This is particularly true in regard to the clerical and support personnel.

A goal of interest arbitration and for fact finding should be to achieve a recommendation that is consistent with the result that the parties would have obtained themselves. Therefore it appears that internal comparability, the relationship of the support group, the faculty and the A/P unit, is more important to the collective bargaining relationship than is the relationship of the support unit to the various universities.

A review of the five year period between 1990 and 1995, when contracts were successfully negotiated between the University and the various internal groups, reveals that at times the support staff led other groups in increases in total compensation, and that at other times, it trailed the other groups. However, at the end of the five year period, a definite relationship between the bargaining unit, the faculty and the A/P unit emerges.

Employer Exhibit 7 reveals the following about the three relevant internal comparables: the faculty, the A/P unit and the support staff. It shows:

SAGINAW VALLEY STATE UNIVERSITY
COMPARISON OF EMPLOYEE GROUP COMPENSATION INCREASES
FY91 THROUGH FY97

	TOTAL COMPENSATION		
FY	FACULTY	A/P	SUPPORT STAFF
90-91	6.35%	5.82%	5.52%
91-92	5.65%	4.92%	7.12%
92-93	5.71%	5.21%	4.52%

93-94	5.11%	4.91%	4.42%
94-95	3.61%	3.55%	3.90%
	29.35%	26.90%	28.18%
95-96	4.19%	3.20%	2.89%*
96-97	5.54%	4.15%	3.85%*
	42.24%	36.39%	36.96%

*Administrative Offer.

There has also been a representation by the Employer that the total compensation increase for the faculty in 1997-1998 will be 3.9%. The University has argued, and the data supports, that the faculty at SVSU were near the bottom of the university comparables prior to the 1995-1996 school year, and that as a result, it was necessary to provide significant increases to bring the faculty compensation near the norm. Prior to that point, faculty increases were slightly over 1% higher than the support unit for the 1990 to 1995 contract period.

The Employer's proposal would attempt to equalize the bargaining unit with the A/P employees by offering lower increases to the support staff. The Employer's proposal would also allow the faculty to increase its advantage over the support personnel in terms of percentage increases.

I can accept the need for higher increases for the faculty through 1997-1998. However, I can't find a need on the record for achieving equality between the A/P unit and the support unit.

The parties engaged in arm's length collective bargaining from 1990 to 1995, which resulted in slightly higher increases for the support unit over the A/P unit. Presumably, there was a reason for this. I can't find a reason for the support unit to "give back" this advantage in the current contract. Maintenance of the advantage will have little effect on the relative ranking of the bargaining unit in terms of the external comparables. Moreover, the Employer's offer of 2.89% of total compensation in the first year of the contract, and 2.69% in the third year of the contract, is below the inflation rate of approximately 3%. There hasn't been a reason established for placing the bargaining unit below the inflation rate.

It would seem to be appropriate in terms of internal comparability for the parties to preserve the differential previously achieved between the A/P unit and the support personnel. As a result, a 3.20% increase to total compensation for the support unit in the first year, followed by a 4.15% increase for the second year would be appropriate. This would create parity with the A/P unit and would allow the support unit to maintain and exceed the inflation rate.

There isn't an increase that has been established yet for the A/P unit for the third year of the contract. The faculty is projected to increase at 3.9% in terms of total compensation.

By the third year of the contract, the faculty presumably has moved to a more equitable position among the university comparables. As a result, it would again be appropriate to regain parity between the support unit and the faculty unit. Consequently, the 3.9% figure awarded to the faculty provides a guide for internal equity, and which preserves the differential between the faculty and the support staff.

Therefore, internal equity leads to a recommendation that parity be maintained with the A/P unit in the first two years of the contract, and with the faculty unit in the third year. This means that a recommendation on total compensation should be:

Year 1	3.20%
Year 2	4.15%
Year 3	3.9%

The parties are encouraged to utilize the increases in the areas they deem most appropriate.

SHOULD THERE BE A POTENTIAL FOR A SALARY ADD-ON FOR HVAC EMPLOYEES AND ELECTRICIANS?

The Employer seeks to add $1.25 per hour to the salary of HVAC and electricians. The Union maintains that this is unnecessary based upon existing conditions.

It would not be expected that the Employer would pay more for skilled trades than the market requires; therefore, for the Employer to seek the right to pay additional compensation would support that such a need exists.

Further, in my experience in fact finding, there have been prior cases where the employer has sought additional pay for HVAC employees. As a result, it is appropriate for the employer to have the flexibility to pay certain skilled employees an additional $1.25 per hour to enable it to compete for the services of this group of employees.

The one caveat is that this additional $1.25, because it benefits the Employer, should not be held against the total compensation awarded to the bargaining unit in this proceeding.

SHOULD THE EMPLOYER HAVE THE CONTRACTUAL RIGHT TO INCREASE WAGES AT ITS DISCRETION?

The University seeks to have the right to move employees through the wage steps at its discretion, and to increase the wage rate for any job at its discretion. This is a proposal that would not be expected in collective bargaining insofar as wages are mutually negotiated by the union and the employer. The Employer, under its proposal, could redistribute total compensation, which would unbalance the relationship of the Union and the Employer, and would deprive the Association of its ability to prioritize its compensation. Therefore, this proposal should be rejected.

RECOMMENDATION

I
TOTAL COMPENSATION INCREASE

Year 1	3.2% (the A/P rate)
Year 2	4.15% (the A/P rate)
Year 3	3.9% (the faculty rate)

II
SKILLED TRADES

The Employer should have the flexibility to pay a skilled trades stipend. However, this additional rate should not count against the total compensation recommended for the bargaining unit in this proceeding.

III
ADDITIONAL PAY

A change in the contract to permit additional pay would be contrary to traditional collective bargaining and is not recommended.

Mark J. Glazer, Fact Finder

Dated: May 30, 1997