STANLEY T. DOBRY
ARBITRATOR

SUITE 2201 CADILLAC TOWER
65 CADILLAC SQUARE
DETROIT, MICHIGAN 48226

BY APPOINTMENT
(313) 961-4940

MICHIGAN EMPLOYMENT RELATIONS COMMISSION
STATUTORY FACT FINDING TRIBUNAL

In the Matter of the Fact Finding between:

STOCKBRIDGE COMMUNITY SCHOOLS,

-and-

INGHAM CLINTON EDUCATION ASSOCIATION AND MICHIGAN EDUCATIONAL SUPPORT PERSONNEL ASSOCIATION, MEA/NEA

MERC Fact finding
Case No. L 88 H-662

Stockbridge Community Schools

FACT FINDER'S REPORT AND RECOMMENDATION

I. APPEARANCES

For the Employer:

Thrun, Maatsch and Nordberg, P.C.
By: Donald J. Bonato, Esq. Attorneys

For the Association:

Allen B. Morrison	MEA Uniserv Director, and
Sue Manierston	MEA Research Consultant

II. INTRODUCTION

The present agreement expired on August 31, 1988.

The Parties have been involved in a work stoppage since August 29, 1988, which includes two separate groups represented by the Michigan Education Association. The larger of the two groups is the Ingham Clinton Education Association representing 101 Stockbridge teachers. The Michigan Education Support Personnel Association consists of 84 Secretaries, Aides/Paraprofessionals, Bus Drivers and Food Service Workers. Both contracts are being bargained simultaneously with the two units and the work stoppage is a coalition effort. This fact finding is a combined presentation dealing with the issues of both groups.

On September 7, 1988, on its own motion the Michigan Employment Relations Commission (hereafter "MERC") appointed the undersigned as its statutory agent. A hearing was scheduled and conducted on September 16, 1988.

The employer objected at the beginning of the proceeding to an alleged inability to adequately prepare its proofs. It should be noted, however, that the parties had a full week to gather together exhibits.

The expedited nature of the proceeding was compelled by a number of facts: (1) there is a current work stoppage; (2) the work stoppage could have a substantial impact upon the community and the long term welfare of the school district, bargaining unit members and students; (3) the parties are a loggerheads, if not impasse in the technical sense, and have been unable to resolve this dispute through negotiation and mediation; and (4) the parties are currently engaged in legal proceedings, which could also inflict severe injury to one or both the parties.

As a personal note, and notwithstanding the objection of the employer, both parties put together thoughtful presentations, which were remarkable in their breadth given the time constraints. This has facilitated understanding of their positions, and the meaning of the voluminous record which was created in one very long day of hearing. Also, both parties availed themselves of the opportunity to file a post hearing brief, in the form of proposed findings of fact, conclusions and recommendations.

It is my task to find and make principled recommendations based upon the facts as I find them to be.

As a baseline, there is a general agreement between the Parties that both groups will be treated in an equivalent manner in regard to salary increases and fringe benefit caps, with the exceptions indicated by the issues.

The outstanding issues follow:

I. TEACHER'S CONTRACT

A. Salary schedule increases (percentage increases for both groups)

B. Appendix B - Fringe Benefits: Should the "cap" on the Board's obligation to make insurance premiums, as contained in Section D be increased?

C. Article V, BB: Should the dollar amount, currently $300.00 be increased?

D. Article V. Section CC: Should the number of hours of instructional aide time per year, currently at 7,020 hours, be increased?

E. Article VI, Section E: Should the dollar amount of $10.00 per hour be increased?

F. Calendar

G. Duration

II. NON-CERTIFIED EMPLOYEE CONTRACT

A. Salary Schedule: (1) Should the structure of the schedule be changed? and (2) Percentage increase.

B. Appendix B -- Fringe Benefits: (1) Should the insurance benefits in Appendix B be provided to aides/paraprofessionals and/or transportation employees? and (2) Should the "cap" on the employer's obligation to make payment for insurance premiums be increased?

C. Calendar: Should the contract contain a calendar for food service employees designating their scheduled days of work?

D. Duration

III. THE MERITS

Overview:

The Stockbridge Community Schools is an "in formula" school district. Thus, it receives financial assistance from the State of Michigan, based in part on student enrollment. During the 1987-88 school year, student enrollment increased by 56 students. However, in the ten years preceding the 1987-88 school year, student enrollment declined. (See Employer's Exhibit 8 and Union Exhibit A-1). The level of student enrollment is determined by the number of students counted on the fourth Friday following Labor Day. Since the school district has not operated due to an employee strike, the number of students who will be enrolled during the 1988-89 school year is purely speculative. The

Union asserts that school district administrators projected an enrollment increase of approximately 46 students, equal to $144,787.76 at the current state aid formula. (Exhibit C-18) However, as elementary school principal Donald Porter testified, such projections are mainly a guess, based upon last year's enrollment. He noted the figures originated with the superintendent's secretary, who polled the principals on the Saturday of Labor Day weekend. Board of Education member Thomas Clark testified that the projected enrollment figures assumed that the 1988-89 adult education enrollments would be the same as the preceding year. He suggested that the number for adult education could actually turn out to be 21 "full time equivalent" students, and could actually go as low as 8; last year's figures were 38 full time equivalent students. Ann Jackson testified that a union official had advised that the enrollment increase was expected to be about ten students.

Ann Jackson also testified that she plans her initial yearly budget by simply assuming that enrollment will be the same as last year. No basis for that assumption was presented, and it appears simply to be a convenient administrative way to cope with the difficulties of procrastination.

The facts, such as they are, indicate a possible increase of students, with not less than 10 nor more than 65 new students. The precise numbers, however, are not known, and cannot be known until the count actually happens.

Enrollments likely will fluctuate downward, if the current work stoppage continues much longer (especially concerning migrant students).

In short, assuming a quick end to the stoppage, an increase in students is likely, but the exact numbers are currently mere guess work.

The amount of money per pupil received by the school district from the State of Michigan varies from year to year. It goes up and down, and currently is estimated to be $3,100 for the 1988-89 school year (Union Exhibit A-2).

Excepting state aid, the district's finances are largely based upon milage. One mill generates approximately $145,000 in revenue. 36 mills are currently levied, 27 of which are voted. The amount of voted milage has increased from 17 mills in the 1976 school year to 27 mills in the 1988 school year (Employer's Exhibit 12).

However, it is evident that the district has had an extremely difficult time passing milage. Since June 1978, there has been 17 mileage elections, and most proposed increases have been defeated. In 1988 three separate milage elections were held and only a 27 mill renewal succeeded. Three times the voters rejected attempts for additional milage. (Employer's Exhibit 10)

The four additional mills sought in 1988 would have generated an additional $580,000. The initial budget, which had been prepared on the assumption that the milage would pass, was cut from approximately 7.3 to 6.8 million dollars.

The district projected cuts in staffing, building and ground vehicle replacement, supplies, extra curricular activities, and athletic program. Some of these specified reductions are not likely to happen. As Mr. Clark noted, $40,000 in savings, from laying off certain Aides, turned out not to be contractually permissible. Only two teachers were laid off, not four as contemplated (the savings to be attributed to laying off a teacher depends on the teacher's salary step; on average, teachers cost $25,000 per year). The employer thus concludes that this will result in a reduction in unreserved fund balance to $102,662 at the end of the year.

Each year the school district borrows considerable quantities of funds. This is done by selling revenue anticipation bonds. It is to be noted that such sales are not unusual in school financing, and can actually result in a profit, when returns on investments are deducted from the costs of the bond interest. However, the pattern of such financing in the district is not promising. Borrowing has increased significantly from $200,000 in 1983-84 to $1,150,000 for 1988-89. Moreover, the district borrows money because it has to in order to operate, not as an attempt to make a profit.

The intricacies of accounting are difficult to comprehend. Their abstraction, however, does not make them any less real. The district, after all, is not the federal government and cannot simply print more money. Moreover, it is required by statute to not run a negative fund balance.

There was a great deal of controversy over the school district's "general fund balance", also known as "general fund equity." The figure, unfortunately, is one that has been used liberally in school finance reports, and lumps in several different types of assets, some of which are liquid and some of which aren't. Some of the components of "general fund equity" are "reserved," i.e., assets which constitute financial resources that are not available for spending. Such items includes buses, inventory, and specially dedicated grant funds (which cannot be used for any other purpose).

Another controversy was over the relationship of two specialized activities to the General Fund Equity. It was contended by the Board that, over a period of years, the Stockbridge School Districts have, due to an accounting quirk, suffered from distortions due to "energy notes" which showed up as revenue for a few years, and as expenditures in the three following years. It would appear to this observer, however, that "energy notes" are a component of expenditures, but are not part of fund equity.

Likewise, there was a dispute over the federal "Book depository" monies which were previously included in the school district budget. It is true this is a special program, which has very little to do with the actual operation of the district. However, Mrs. Jackson also admitted on cross examination that the impact on "fund equity" of the book depository was minimal. Moreover, if you remove the book depository transactions out of general operating expenses, then the ratio of fund equity to general expenses is higher, not lower.

When the history of the school district's revenues and expenditures are reviewed, it is evident that the school district did suffer deficits in prior years, including 1987-88. (See Employer's Exhibits 5 and 6.) A school district may not adopt or operate under a deficit budget. The limited exception is that it may do so only if it submits a plan to the State Board of Education to stop the flow of red ink. [See MCLA 388.1702 and Opinion of the Attorney General Opinion No. 4946 (2/20/76).]

In the 1987-88 school year the school district's expenditures exceeded revenues by $58,735. (See Employer's Exhibits 5 and 6.) As noted by Ann Jackson, the school district would have been further in the "red" at the end of the 1987-88 school year had it not deferred a number of expenditures, i.e., eliminating a custodial maintenance supervisor position to save approximately $25,000; permitting a reduction of cleaning supply inventory by $20,000; deferring planned purchases of approximately $7,000 worth of furniture and equipment.

However, Mrs. Jackson also claimed that planned purchases of approximately $90,000 worth of vehicles and equipment were not made. The vehicle "cut" is subject to considerable dispute, however.

The "unreserved" fund balance as of June 30, 1988 was $453,629. As was noted by Mrs. McNamara, the school district's unreserved fund balance as a percentage of expenditures is less than average among the comparables offered by the employer. Further, the number of business days the school district can operate based upon its unreserved fund balance is less than average for those districts. (See Employer Exhibit 1--Ingham ISD Exhibit III.)

There are a number of reasons why a school district should maintain an adequate fund balance. (See Employer Exhibit 1, page 3.) The employer opines that because of county-wide special education milage problems, the school district could experience an estimate revenue loss ranging from $29,000 in 1987-88 to $109,000 in 1991-92.

Of particular interest is the employer's contentions that the "unreserved" fund balance must be reduced by approximately $125,000. These "planned" expenditures, which have not been budgeted as of this year, consist of a special education bus, a food service vehicle, unspent grant funds, and instructional outlay. (Employer's Exhibit 4.) For the record it is noted that $55,000 of this $125,000 figure is in dispute. (Compare testimony of Mr. Clark, Mrs. Jackson and Mr. Dement.)

In that regard, it is apparent that the district, which may have talked once about buying a $55,000.00 bus for special education, eventually scaled that down to a $23,000.00 bus. Although a subcommittee of the Board approved such an expenditure, it has not happened, and in all probability will not happen this year. This is not to say, however, that there is no need for such a bus. It is, instead, a finding that the district has decided to defer that needed purchase until a later time.

The association's reliance upon figures comparing general fund equity as a percentage of current operation expenses (Union Exhibits A-6 and A-7) and general fund equity per pupil (Union Exhibit C-16) are distorted, because they fail to take into account the "energy note" monies and "book depository" monies. Likewise, general fund equity figures which include nonavailable assets such as buses and inventory are misleading because they do not show the amount of funds actually available for expenditures. However, contrary to the employer's contentions, such statistics are not "meaningless."

Imperfect as they are, the "Form B" reports are simply one of the best tools available for comparing districts, They are prepared to a fairly uniform standard at state direction, and give an imperfect measure of each district's financial condition.

The Stockbridge District revenues and expenditures have been generally above the median of the Four County area of comparison (Association Exhibits A-3 and C-15). However, Stockbridge also tends to use more money for purpose other than current operating expenses than other districts in the comparison area; i.e., for capital outlay, busing, community services, transfers. (Exhibits A-4, A-5, A-14 and A-15). This has occurred while salaries for instructional purpose have commanded a smaller portion of annual budgets than other districts in the comparison area cited by the Association. (Exhibit A-12).

Additionally, Stockbridge has accumulated a sizeable Fund Equity which has been maintained at a comparatively high level both in the Ingham-Clinton Area and the Four County comparison area. (Exhibit C-16, A-6 and A-7).

Moreover, the Union's conclusion that the "instructional functions" of the school district as a percentage of current operating expenses is decreasing has some substantial support in the record. (See Union Exhibit A-12.) For the Board, Mr. Clark, stated that the operating expenses of the school district are high compared to other school districts because of an enlarged transportation budget due to the size of the district. As appealing as that may be, it does not account for the decrease of instructional expenses, as the size of the district has presumably remained constant throughout the years. Also, there are three Four County area districts physically larger than Stockbridge (Howell, Mason and Springport), and an additional three that are about the same size (Northwest, Chelsea and Ann Arbor). The board's conclusion, then, on busing is supportable only if one looks to comparisons with the contiguous districts.

On the other hand, the financial data relied upon by the Union (Union Exhibit A-12) does not suggest that the level of operation expenses is unreasonable or that any component of the expenses is improper. See also Union Exhibit A-3, which purports to show that current operating expenses on a per pupil basis are high and/or increasing.

Other exhibits show that budgeting practices have reflected extremely conservative trends over a period of years. Estimations of expenditure have run consistently higher than actuality while estimations of revenues have been consistently lower than actual income. This is clearly illustrated by Association Exhibits B-1 and B-2 showing a projected deficit of $158,000 (line 26 of B-1) versus an actual excess revenue of $74,000 (line 0300 of B-2) for the 1986-87 School year. The same pattern shows up in the 1987-88 school year as shown by the projected deficit of $392,000 (line 26 of B-3) versus the actual Fund Equity reduction of $23,086 (line 300 of B-4). The Stockbridge Board persists in the same pattern of budgeting with the projected budget for the 1988-89 School Year, showing excess expenditure of $64,500 (Exhibit B-6) which was adopted in June of 1988. That document however is not consistent with the Budget Summary published by the District August 30, 1988, for the purposes of making loan applications for the 1988-89 School Year (Exhibit B-7) which shows only a $19,700 excess expenditure over revenue. Further, neither the Stockbridge Board's projected budget (B-6) nor the Budget Summary (B-7) show the additional revenue to be gained by the increase in student enrollment, if any. Nor do they reflect the savings in the teaching personnel changes for the 1988-89 School Year in the amount of $89,319.00 (Exhibit C-17). That amount would provide an additional three percent (3%) of available monies as compared to the entire projected 1988-89 expenditures.

In short, the Union's argument that the school district's financial projections are wrong are supported by the record. As Mrs. Jackson candidly noted, she feels obligated to base the Board's beginning year budgetary predictions, upon a "worst case scenario." However, she compounds the bias by refusing to revise the budget until the end of the fiscal year, even when the pessimistic assumptions were wrong. It is true that such projections are not scientific. There have been years in which it was difficult to anticipate the vagaries of state school financing. Further, the district does have it within its power to reduce at least some current expenditures. It is entirely natural and proper that a projected deficit will bring about steps during the school year to alleviate the problem. But this ability has evidently been disregarded in the Stockbridge budgetary process: budgets are kept in place until the end of the school year, even though the district knows full well the expenditures will never happen.

The failure of the August 1988 milage election is known. What has not been seen, however, is a current budget -- a financial plan for the district -- that realistically attempts to deal with the situation as it is, and as it foreseeably will be. The documents that have been bandied about during the work stoppage are propaganda, nothing more. The failure to produce a detailed budget at the fact finding is reason enough to doubt the projections of the board.

In summary, any individual Exhibit does not stand on its own in any particular fashion. Together, they show that the District has adequate funding to provide significant salary increases to its employees, if such increases are justified. It is apparent from the unbudgeted monies of three (3+) plus percent and the budgeted increases of five (5+) plus percent that the Association's demands for seven (7) percent increases for one (1) year could be met.

The issue, ultimately, is not one of short term ability to meet the demands. Rather, one must look to the long term health of the district, which after all is the employer of the bargaining unit members. As the Union charges, it is a question of willingness to pay, not ability.

The issue, then, is not whether the Board can meet a seven percent demand for one year. It could, if it bled off the fund equity it has accumulated over the years. On the one hand, the fund equity is a "rainy day" fund, and should not be used irresponsibly. On the other hand, the maintenance or growth of the fund equity is not the overriding responsibility of the district. True enough, the Board's accountant recommends a much larger unreserved fund equity, as do virtually all accountants. But the plain truth is that most of the districts in the area are making due with much less.

There will always be substantial imponderables in creating any budget -- the existence of the County Wide Special Education Milage and School Finance Reform (the latter potentially being a large windfall to the district, if it happens) are but two. Stockbridge is not unique, as it will affect all area districts. And those districts have been able, by and large, to settle their current contract disputes, at rates of 5% or over in each year.

The Stockbridge School District serves approximately 1900 students from attendance areas in Ingham, Livingston, Jackson and Washtenaw Counties.

The Association proffers as proposed comparable districts all K-12 Districts found in these four counties. Additionally, it is noted that the Stockbridge Teachers are members of and represented by the Ingham Clinton Education Association, a Multiple Association Bargaining Organization (MABO), which "forms an immediate and relevant area for comparison." It is further claimed that such districts constitute a labor market, which compete with each other for teachers and to attract students.

In contrast, the District suggests that the most valid comparisons should be drawn from, and limited to, the contiguous school districts which are part of the Intermediate School District. By limiting the comparisons to this area, it is contended that the districts are of similar size and quality with close geographic proximity, so that they constitute a natural area for comparison.

The comparability issue is complicated. Each side urges an array of comparables it finds most favorable to support its position. Moreover, both sides argue that there is one ideal set of comparables.

In contrast, it has always been the fact finder's theory that comparisons can be made between disparate occupational groups, or diverse geographic locations. What is required to do that, however, is long range historical data, which will provide a basis for meaningful comparisons. In particular, it is a fit subject of inquiry to ascertain whether there is a demonstrable correlation between the wages in one unit and that of another. It is to be noted that the Union tended to provide such data, and the employer did not.

I. SALARY

The **Association** demands an increase each step of both teacher and support personnel salary schedules (Steps and other amounts) seven percent 7% for the period of one (1) year. Using the administrative increases as a benchmark[1] it is said to be reasonable to recommend salary increases of seven (7%) percent for one (1) year. If the fact-finder finds for a longer duration than one (1) year, the area averages of 5.98% for 1988-89, 5.7% for 1989-90 and 5.5% for 1990-91 would be in keeping with this recommendation.

The **Board** has proposed to increase the salary schedules (steps and other amount) for each of the groups by three (3%) for each of three (3) years.

With respect to the issue of salary, the facts establish the following:

The Board proposal of a 3% increase for all employees would result in an increased cost of $181,390 for 1988-89. (Employer Exhibit 14.) Acceptance of the Union's proposal would result in an increased cost of $330,690. (Employer Exhibit 15.).

The Union has not introduced any exhibits comparing the salaries of the noncertified employees employed by the school district with the salaries of noncertified employees employed by other districts.

With respect to salary, particularly teachers' salaries, the Union's entire case is essentially based upon

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[1] As a first orbit of comparison, any honest analysis must look at raises granted by the district to other employees, including administrators. The employer should have some discretion to runs its shop and set wage rates at a level necessary to attract and keep required talent. However, it should be treating all of its employees relatively fairly, if not exactly equally.

comparisons with percentage salary settlements in other school districts. (See, for example, Union Exhibits C-2 and C-3.) The Employer acknowledges that the percentage settlement offer it is making is less than the percentage increase in other districts, but urges that its offer is equitable, especially when its financial condition is considered.

The Union's heavy reliance upon percentage salary increases in other districts is persuasive. The limitation to the comparison, however, is that the other districts are not all similarly situated to the employer.

The employer has limited its comparables to the contiguous districts. This is artificial and narrowly drawn. It is a valid comparison, particularly since it is so immediate, but it is not the only comparison. The employer should realize that a "labor market" has been defined as: "A concept used in labor economics to indicate the relations or interplay between the supply and demand for labor in a particular area."[2] Relevant variables in assessing the scope of the labor market area include geographic considerations, the type of labor involved, labor supply, labor mobility, and employee turnover. A labor market "may also concern itself with the individual in a

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[2] Harold S. Roberts, Roberts' Dictionary of Industrial Relations (Revised Edition) pp. 264-265.

local area, a larger geographic area, or throughout the entire country."

However, wage rates are determined by many factors, not just the prevailing wage in a "labor market." A labor economist would also ordinarily examine the wages paid in a particular industry and a particular occupation. Here, the common industry is state supported education in mid-lower Michigan. The Stockbridge Community Schools, just like General Motors, is economically linked to its competitors, and does not exist in a vacuum. Its wages should be in line with those paid in the industry to a particular occupation.

Further, we are not establishing an initial wage rate. This bargaining unit was not created yesterday. The parties have voluntarily set the wage structure, dictating the worth of the job at a particular time (except for those portions of the bargaining unit that are newly accreted to it).

In general, it appears that the Stockbridge teachers have been slowly losing ground to other districts in the comparison areas. This has been shown in two forms, actual salaries compared to other districts and as a portion of operating cost of the District. It is interesting to compare two sets of statistics over the last five years: Instructional Salaries have declined from 59.34% of the operating budget, to 56.6%; Administrative Salaries have increased from 10.09% to 13.22% of the <u>same</u> operating budget in the same period. (Exhibits A-12 and A-13).

During that same time, teaching salaries lost ground in comparison to other teachers in the Four County area (Exhibit A-16 through A-20). Isolating only the Ingham County Districts, it is evident that locally the Stockbridge teachers are losing ground on colleagues in the rest of the County (Exhibits C-4 and C-5). Further, in a district which has higher than average income, they are consistently ranking at or near the bottom of the County in salary levels (Exhibits C-6 through C-10).

If the Stockbridge Schools are to remain competitive in retaining its teaching staff, it must move salaries relative to other districts in the area. (Exhibit C-3). Current salary settlements in the Districts represented by the Ingham Clinton Education Association average 5.98% for the 1988-89 school year, 5.7% for 1989-90 and 5.5% for 1990-91. The lowest salary increase in any of those years is 5% with the highest salary increase 6.75% (Exhibit C-2).

Further, Stockbridge has already accorded salary increases of 6.71% to its administrative staff and in excess of 5% to its custodial staff for the 1988-89 school year. (Exhibit C-1).

School districts are in a competitive business. They compete with private institutions for students, they compete with each other for employees. It is apparent that the Board's offer is not competitive with recently settled contracts. This inflexibility in light of increases granted to other employees is unjust. It is equally apparent that the association's monetary demands are excessive, and not supported by the record, since cost and affordability must also be taken into consideration.

II. <u>SALARY SCHEDULE FORMAT CHANGE</u>

The Union is attempting to restructure the salary schedule format for the noncertified employees (i.e., the food service employees, transportation employees, aides, and secretaries).

It is the Employer's position that the fact finder should recommend that the current salary schedule formats should be maintained and not changed. Salary increases should solely result from changing the dollar amounts in the salary schedules.

This is a multifaceted dispute, and the proofs do not militate a uniform result.

Cooks:

The Parties have not agreed that the position of cook be split into two categories, first cook and second cook. However, a supervisor of the Stockbridge Schools has already implemented this system through the filling of at least one vacancy for the 1988-89 School Year and the posting of a second vacancy. Whether the supervisor acted in accord with Board policy is impossible to say. In any event, this still remains an open issue. The change is proposed to remedy an alleged problem of getting cooks to fill in for absent cooks who were responsible for preparing the main dishes and baking. In effect, the employees are being asked to perform higher class work for the same wages.

If the problem is to be solved, some financial incentive should be provided. Solving this problem, however, does not necessitate remaking the entire salary structure of the kitchen. The Association proposal of a 15 cent per hour differential is minimal, and would provide some incentive to assume the additional responsibility.

Probationary employees:

The Association proposed what it characterizes as a continuation of the same application of the probationary rate previously contained in the MESPA Contract; i.e., a simple reduction of salary level for the period specified.

The Board states it wants only to maintain the rate for new probationary rate for Aide/Paraprofessional and Transportation personnel newly joined to the MESPA group.

The change in the probationary period proposed by the Union for aides and transportation employees would also result in significant increases. This was and is a mainly hypothetical problem, with immediate impact on a small number of employees. The Association urges that considerations of symmetry and simplicity support its request. However, the per employee cost for transportation employees would amount to $894 which is an increase of 15%. (Employer's Exhibit 26.) The per employee cost of changing the probationary period for aides would result in an increased cost of $1,332 which is a 28% increase. (Employer's Exhibit 27.)

The fact finder believes this is a problem of defining the status quo. While the end of probationary periods ordinarily mark the end of one pay level and the beginning of another, the fact finder is unaware of any rule requiring such a result. The fact finder is unable, based on the record before him, to say whether the employer had previously agreed to such linkage. In the absence of such evidence, the party seeking the change, in this case the Union, has the laboring oar. I do not believe they have sustained their burden of proof.

Special Run and Garage Time Rates

The fact finder notes that these rates should be increased from the 1987-88 rate (which included a 5% increase from the year before and retroactively) by whatever percentage all other salaries are increased for the 1988-89 School Year.

Transportation rate schedules:

The Association proposes a rewrite of the complex and cumbersome Transportation Rate Schedule. It asserts this will be a simplification and consolidation of the rate structure, which will remove inherent inequities previously imposed on drivers. It is urged that such a restructured schedule is minimal in cost but far simpler to handle in computing salary.

In reviewing this proposal, reference is made two two exhibits. Employer Exhibit 24 shows the salary format proposed by the Union and the existing salary formats for the four employee groups. Employer Exhibit 25 demonstrates that simply changing the salary schedule format results in significant wage increases for the previously noncertified employees. For example, the Union's proposal to change the salary schedule format for aides would result in five aides receiving a $1.25 per hour increase amounting to a 27% increase. Another aide would receive a $1.55 per hour increase. This would cost the Employer $3,010. The proposed field trip rate change for bus drivers would cost $4,784 (an increase of 48%). The Union's proposal to change the driver's sitting time rate would result in a 15% increase.

The change in the salary schedule format proposed by the Union results in significant percentage and cost increases which are over and above the salary schedule increases proposed by the parties. The fact finder does not believe there is anything in the record justifying such a result.

III. INSURANCE CAP

The prior contracts for both teachers and support personnel contained limits based on an 18% increase of the base amount of subsidy specified in the prior year reflected as a whole dollar amount. The Association's position is that the Board should provide fully paid insurance benefits.

The Board seeks to cap benefit payments at the July 1, 1987 level.

Both contracts currently contain an insurance cap of $407.56. For the 1988-89 school year the insurance rates in the school district are $359.64 (for PAK A)and $234.66 (for PAK B). Significantly, these are the 1988-89 rates <u>after</u> the 33.61% increase which the school district has already incurred for the current school year. (See Employer's Exhibit 28.) It is the Union's position that the current cap should be increased. It is the Employer's position that the cap should not be increased. The following points should be noted:

Insurance costs and rates have escalated tremendously in recent years. (Employer Exhibit 28 and 29.) Notwithstanding this escalation, the current cap of $407.56 is above the rates in effect for the 1988-89 school year.

Caps are not uncommon and a number of school districts have caps which are below the cap being proposed by the Stockbridge Community Schools. (Employer Exhibits 33 and 35; Union Exhibit C-13.)

Insofar as the insurance cap issue is related to food service employees, it should be noted that a number of school districts do not even provide health insurance to its food service employees. (Employer Exhibit 33.)

On the other hand, benefit costs for the Stockbridge Schools have been less than average in the Districts in Ingham and Clinton Counties and as a percent of total operating costs they have been very low in the Four County comparison Area (Exhibit C-12 and A-11). Further, nine (9) of sixteen (16) districts in the ICEA area have no caps on fringe benefit payments, while only six (6) districts have capped benefit costs. (Exhibit C-13). Of those districts having fixed costs, none have rates geared to 1987 costs. A continuance of 118% of the prior year language as contained in the expired agreement may be justifiable in the case of a multi-year recommendation, however, the trends as reflected in the foregoing would not indicate that Stockbridge is experiencing any difficulty in the level of payment currently paid.

The fact finder believes that the cap should increase proportionally to the general increase in wages indicated herein.

IV. SHOULD INSURANCE BENEFITS BE PROVIDED TO AIDES AND TRANSPORTATION EMPLOYEES?

The record reflects that aides and transportation employees have never received insurance benefits from the school district. (Employer Exhibit 31.) The Union proposes to provide these employees with insurance benefits while the Employer maintains that they should not be provided with the benefits.

These employees were previously unrepresented, and were only recently accreted into the MESPA unit. They have never received insurance benefits. (Employer Exhibit 31.)

Insurance costs and rates have sky rocketed in recent years. (Employer Exhibit 28 and 29.)

Providing these insurance benefits to transportation employees and aides will have a "single" year cost of $60,960 to $86,460 depending upon whether the employee selects the "PAK A" or "PAK B." (Employer Exhibit 30.)

The benefits provided to aides and transportation employees have been significantly increased pursuant to the tentative agreement which was reached September 2, 1988. For example, sick leave benefits and personal leave benefits for aides were doubled and sick leave accumulation was increased from 20 days to 100 days. Sick leave accumulation for transportation employees was increased from 20 days to 100 days. (The number of increases in fringe benefits is significant and too difficult to enumerate. A partial enumeration is made in Employer Exhibit 31.)

Noncertified employees in a number of school districts which are contiguous to the Stockbridge Community Schools do not receive insurance benefits. (Employer Exhibit 32.)

All full time employees of the Stockbridge School currently receive insurance benefits except Paraprofessional and Transportation employees with part time employees receiving benefits in lieu of health insurance (Exhibit C-11). Aide/Paraprofessional and Transportation employees in the comparison area represented by MESPA receive full or prorated benefits (Exhibit C-19). The Association believes that these employees should have the same benefits as other employees in the District.

It is the fact finder's belief, as an ultimate goal, that all full time employees of the district should be receiving these benefits. This is especially true because the after tax benefit to the employee far outweighs the costs to the employer.

The countervailing consideration, however, is that these employees have never had the benefit, and the employer will have substantial costs abruptly thrust upon it. The fact finder understnads it is possible to recommend a multi-year agreement, which would phase in a program of benefits comparable to all other employees over the life of the Contract.

It is the fact finder's belief that distinctions in fringe benefits -- like health insurance -- should not depend upon job classification, since there is no relationship between job titles and needs. Distinctions between classifications should be delineated primarily in the base wage.

The fact finder is applying the association's plea that these employees be treated as well as others in the district. My recommendation does not redress the totality of the disparity, but practicality and limitations for fiscal responsibility dictate that this be done incrementally.

To conclude, an adjustment in insurance benefits is justified, but it cannot be everything the Associaton requests.

Therefore, the fact finder makes the following recommendation: The employer will contribute the sum of $45.00 per month in the first year for all full time employees. The employee will have the option of applying it in to health insurance, a PAK, or to a tax deferred annuity. In the second year of the contract for all full time employees, the employer will contribute an additional $45 per month, but wage rates for the employee will be reduced by $15 per month. In the third year for all full time employees, the employer will contribute an additional $45 per month, but wage rates for the employee will be reduced by $15 per month. Therefore, the total monthly prepaid benefit will be $135 in the third year, and the employer will reduce wage rates by $30 per month.

For part time employees, the employee will be provided with $15 per month in the first year, and $10 per month in each of the second and third years, which can be applied to a tax deferred annuity.

V. <u>FOOD SERVICE CALENDAR</u>

Although the existing food service contract contains a calendar identifying the days food service employees are to work (Appendix B of Union Exhibit Book), it is the Employer's position that the food service contract should not contain a calendar. Employer Exhibit 37 establishes that of the nine school districts which are contiguous to the Stockbridge Community Schools, no school district has a negotiated calendar for food service employees. The employer contends, therefore, there is no basis for continuing the anomalous situation which exists in the Stockbridge Community Schools, particularly since the Union introduced absolutely no evidence on the point.

However, the work calendar for food service employees has been an ongoing portion of the MESPA Contract. It has been the same as the teacher calendar and provides the guarantee of the number of work days in the School Year. The Board's position is to delete that calendar and the guarantee of the work year. The Association's proposal would maintain the status quo.

Notwithstanding the Employer's position, the fact finder is not persuaded that a sufficient case for a change in the status quo has been made out.

VI. AIDE HOURS

Article V, Section CC of the teachers' contract involving the Ingham-Clinton Education Association provides for instructional aide time in the amount of 7,020. The Union seeks an increase in this amount. It is the Employer's position that this amount should not be increased. The Union's proposal would result in an increased cost of $8,278 (Employer's Exhibit 36).

The current class size provisions of the contract require that relief for overloaded classes be provided through the use of Aides. The amount of relief specified in the prior Contract was 7,020 hours of Aide time per year for the entire district. The District has traditionally maintained a stable student enrollment. (Exhibit A-1) It has ranked near the middle of the comparison area in pupil teacher ratio. (Exhibit C-14). However, based on projected enrollment for the 1988-89 School Year and the reduction of staff for this year, class sizes are predictably going to increase. (Exhibits B-8 and C-17). If that happens, increasing the availability of relief is a reasonable response to the foregoing.

The fact finder recommends that the first year aide time be increased by 1200 hours.

Since the fact finder is recommending a multi-year agreement, and given the speculative nature of enrollments, the fact finder recommends that the parties reopen this question at the end of the 1988-89 school year. The amount of relief should depend on the size of the enrollment. It should be further noted the use of this relief time is totally in the control of the district as it assigns students to classrooms, and if utilized, represents a cost savings to the district by using Aide personnel in lieu of hiring additional teachers.

VII. <u>DURATION</u>

The **Association** proposes a one year contract.

The **Board** requests a multi-year contract.

The fact finder notes:

A. The employee groups have always had multi-year contracts.

B. The employees are currently involved in a bitter strike and labor relations will be improved if the parties do not have to renegotiate another contract for a number of years.

C. The school district currently has an interim superintendent and is searching for a new superintendent. The school district's ability to attract a new superintendent would be enhanced, as would a new superintendent's ability to establish rapport with staff if a multi-year contract was in place, without need to face negotiation in the summer of 1989.

D. The great majority of school districts in the area have multi-year agreements.

The parties have over the past few years been in a perpetual state of conflict over their contract. The failure to resolve these issues, with resultant bargaining, confrontation, work stoppage and fact finding, has strained the relationship. It has hurt the delicate relationship with the tax paying public, also.

Most of the Association's opposition relates to the specifics of an agreement, not to the duration. These are matters within the jurisdiction of the fact finder, and within the power of the parties to cure based upon adoption of the fact finder's recommendation. The assumption here, however, is that the recommendation must be economically realistic.

Therefore, the fact finder recommends that the contract term be for three years. All increases in wage will be retroactive to the end of the last contract term, which would include the Aide/Paraprofessional and Transportation personnel, who have have been bargaining for the entire prior School Year.

VIII. MISCELLANEOUS

In this opinion the fact finder has not addressed all the issues enumerated at the beginning of this opinion. Specifically, he has not addressed whether the dollar amount in Article V, Section BB of the teachers' contract should be increased and whether the dollar amount in Article VI, Section E of the teachers' contract should be increased. The Parties have informally concurred that the dollar amounts in Article V, Section BB. and Article VI, Section E. should be increased by the same percentage as the salary schedules. The fact-finder concurs.

The fact finder has also not addressed the issue of the teacher calendar for the school year. If a settlement is forthcoming, it is my recommendation that the days lost be made up, and that the calendar have 180 student days and 184 teacher days. The details of such a calendar are left to the parties for further negotiation.

IV. RECOMMENDATION

The following is offered as a recommendation for settlement in its entirety. It is designed to take into consideration each of the parties needs, rather than its wishes. Disruption of the package destroys the balance of needs we are attempting to reconcile.

A. Wages and Salaries:

The fact finder recommends that the wages be increased 4% for the 1988-89 school year, 5% for the 1989-90 school year, and 6% in the 1990-1991 school year.

B. Classification restructuring for noncertified employees:

The fact finder recommends some financial incentive should be provided for cooks doing higher classification work. Therefore, the Association proposal of a 15 cent per hour differential is adopted.

Concerning probationary employees' wage rates, the fact finder recommends that the one year rate remain in place.

Concerning Special Run and Garage Time Rates it is recommended that the rates be increased from the 1987-88 rate (which included a 5% increase from the year before and retroactively) by the percentage indicated above for wages and salaries.

As to transportation rate schedules and format, the fact finder believes the record supports the employer's position.

C. **Insurance Cap:**

The fact finder believes that neither party's position is correct on the insurance cap. Instead, it is recommended that the maximum Board obligation for fringe benefit payments continue to be capped by increasing the base rate contained in the prior agreement proportionally to the general increase in wages and salaries indicated herein.

D. **Health Insurance for Aides/Paraprofessionals and Transportation Employees:**

Neither party's position appeals to the fact finder. Therefore, it is recommended that: the employer will contribute the sum of $45.00 per month in the first year for all full time employees. The employee will have the option of applying it in to health insurance, a PAK, or to a tax deferred annuity. In the second year of the contract for all full time employees, the employer will contribute an additional $45 per month, but wage rates for the employee will be reduced by $15 per month. In the third year for all full time employees, the employer will contribute an additional $45 per month, but wage rates for the employee will be reduced by $15 per month. Therefore, the total monthly prepaid benefit will be $135 in the third year, and the employer will reduce wage rates by $30 per month.

For part time employees, the employee will be provided with $15 per month in the first year, and $10 per month in each of the second and third years, which can be applied to a tax deferred annuity.

E. Food Service Calendar:

The fact finder adopts the Association's position on food service calendar as his recommendation.

F. Aide Hours:

The fact finder recommends that the first year aide time be increased by 1200 hours.

Since the fact finder is recommending a multi-year agreement, and given the speculative nature of enrollments, the fact finder recommends that the parties reopen this question at the end of the 1988-89 school year. The amount of relief should depend on the size of the enrollment. It should be further noted the use of this relief time is totally in the control of the district as it assigns students to classrooms, and if utilized, represents a cost savings to the district by using Aide personnel in lieu of hiring additional teachers.

G. Duration:

The fact finder adopts the employers' position on duration, and recommends a three year contract.

H. Miscellany

The fact finder has not addressed whether the dollar amount in Article V, Section BB of the teachers' contract should be increased and whether the dollar amount in Article VI, Section E of the teachers' contract should be increased. The Parties have informally concurred that the dollar amounts in Article V, Section BB. and Article VI, Section E. should be increased by the same percentage as the salary schedules. The fact-finder concurs.

The fact finder has also not addressed the issue of the teacher calendar for the school year. If a settlement is forthcoming, it is my recommendation that the days lost be made up, and that the calendar have 180 student days and 184 teacher days. The details of such a calendar are left to the parties for further negotiation.

All extraneous dollar amounts (Article V, BB and Article VI, E) be increased by the above amounts.

It is recommended that all previously settled issues be incorporated into the Contract and given retroactive effect.

CONCLUSION

In conclusion, the Union has focused upon salary comparisons with other school districts, rather than the financial condition faced by the Stockbridge Community Schools. The opposite is true of the Employer.

Both sides would have me find that their facts are more dominant than the facts of the other. But truth here is not black and white, but shades of grey. The financial circumstances of the district and the employees, and the settlement pattern are all relevant.

The first year recommendation is a reflection of the fact finder's belief that the district is faced with the necessity of financial constraint. Nevertheless, the legitimate expectations of these employees, and their continuing economic well being, cannot be forestalled forever. The Board of Education is expected to make all efforts and cuts necessary to finance the later increases, if necessary.

On the issues presented, reasonable persons could differ as to the outcome. However, there are real needs on both sides that need to be protected. The administration must be able to run the district and its employees deserve financial and job security. The interests of the employer and the union have been balanced herein. They have been weighed with a long term view of the best interests of the community, the schools, and the bargaining unit.

Obviously, these are recommendations only. The parties can choose to ignore them and resort to economic and legal warfare if they choose. It is gently urged, however, that these are rational and reasonable solutions to the problems which confront them. It is a compromise with reality. It is a basis upon which to work out solutions to their own problems, without winners and losers, and to restore their relationship upon a new foundation. The public would be well served if this advice was heeded.

Stanley T. Dobry

STANLEY T. DOBRY, Fact Finder

Dated: September 13, 1988 at the
City of Detroit, Michigan