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STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
MEDIATION DIVISION

SWAN VALLEY SCHOOL DISTRICT

AND

MICHIGAN EDUCATION ASSOCIATION

Edward P. Frohlich 4-11-77

REPORT AND RECOMMENDATIONS OF FACT FINDER

On December 6, 1976, the undersigned was advised by Mr. Robert Pisarski, Director, Michigan Employment Relations Commission, of his appointment as a Fact Finder in the dispute between the Swan Valley School District and the Association. Earlier, on November 15, 1976, the parties had filed an application for fact finding. The parties were immediately contacted by the Fact Finder and the parties agreed on hearing dates, which hearings were held on January 25 and January 26, 1977, at The Administration Center, Swan Valley School District, 8380 O'Hern Road, Saginaw, Michigan 48603. An additional hearing was set and held on March 31, 1977 at the same Administration Center.

APPEARANCES FOR SWAN VALLEY SCHOOL DISTRICT:

Marvin Johnson	- Ass't Supt. Swan Valley
Bruce H. Mellinger	- School Attorney
Michael C. Schrems	- Past President
Alvin C. Thom	- Supt. of Schools
Jim Hoffman	- School Board President

APPEARANCES FOR THE ASSOCIATION:

Harley R. Dean	- MEA Representative (Saginaw)
June Stearns	- Negotiating Chairman
Kathleen Vasold	- Negotiator
Paul Ruediger	- Negotiator
Harold Bowden	- Negotiation Representative
Don Noble	- Saginaw Township Observer
Agnes Freeman	- Negotiator
Stan Musial	- Negotiator
Roger Trombley	- Negotiation Committee

Swan Valley School District

ISSUES:

1. The Minimum Salary for Batchelor Degreed teachers;
2. The Minimum Salary for Master Degreed teachers;
3. Fringe benefits with respect to dental insurance and full family insurance;
4. Renegotiation of salaries pertaining to Appendix B of the Master Agreement between the parties;
5. Reduction of the teaching load of elementary teachers from 27½ hours per week to 26½ hours per week.

The Application sets forth that the Swan Valley Education Association has in its membership 125 certificated teachers including librarians and counsellors and has been the same bargaining unit since 1966 in this school district. The Application also sets forth that the parties have attempted to bargain in good faith in regular sessions beginning in March until Thursday, November 11, 1976. One meeting was a mediation session with a mediator present on October 28, 1976. The Application concludes with the statement: "It is our belief that publishing facts and recommendations from a fact finder will assist in resolving the issues".

At the fact finding hearings, the parties were given full opportunity to present any and all exhibits, to make their formal presentations and summations and subsequent to the first two fact finding hearings in January, to submit additional data to assist the Fact Finder. The Fact Finder will attempt to make certain recommendations on each of the issues with a view to breaking the bargaining deadlock. The parties have negotiated since March of 1976 and have not been able to reach agreement on all the issues submitted to fact finding. The parties did further negotiate in March of 1977 as will be set forth in this report. The parties easily can be discouraged as the result of

the extensive bargaining in the past and though they may be highly desirous to settle their differences they might find it difficult themselves to make compromises without loss of face or bargaining position.

The parties entered into a Master Agreement effective July 1, 1975 which was to remain in effect until June 30, 1977. The Agreement provided in Article XXV that Appendixes A and B and one additional Article "can be reopened for negotiations by each party." The teachers are presently being paid in accordance with Appendixes A and B.

THE MINIMUM SALARY FOR BACHELOR DEGREED TEACHERS:

Swan Valley School District is relatively new, having been established in 1966. It is paying off a heavy capital debt which is not part of the school budget. The District has State Equalized Valuation of \$45,543,811.00, valuation of \$17,192.83 per pupil and one mill of tax levy raises \$45,543.81. For the 1975-76 school year the district had 2,559 students; for 1976-77 school year the district had 2,649 students. The school district presently employs 125 teachers, an increase of four teachers over the preceding school year. At the fact finding hearings Swan Valley School District was described as an all residential, upper middle class community with no industry. Some of the adjoining school districts were described as follows: Freeland is a non industrial area becoming upper middle class and a little heavier in agriculture with 1,810 students in 1975-76; Saginaw Township is a "bedroom" community with little industry and little commercial use with 7,076 students in 1975-76 and is classified as a Class 3 school; Hemlock has some industrial base with 2,199 students in 1975-76; and St. Charles is a residential community with some industry and a rural base with 1,806 students in 1975-76. At the hearings it became evident that the fact finder was to make his recommendation solely as to the beginning salary for

batchelor BA degreed teachers. The parties have negotiated into their contract increment in salary in 14 yearly steps which are worked out on a percentage increase basis for each year. Once the parties have established the beginning batchelor's degree salary the parties have advised the Fact Finder they will be able to work out each of the yearly steps salarywise.

At the fact finding hearings much discussion was held relative to the current school budget. The fiscal year for purposes of the current budget is July 1, 1976 to June 30, 1977. The School Board commenced to prepare a budget in September, 1976 prior to a millage election. The Swan Valley School District has never lost a millage election since its inception. Several tentative budgets were prepared and the final budget was adopted October 28, 1976. The Board contends that the budget is their best estimate of revenue and expenditures; the association contends that the budget as prepared by the School Board has too many variances from what has developed in the past as to the actual figures for revenue and expenditures and, therefore, there is room in the budget for substantial salary increases for the teachers. The Association points to variances in the past to changes in the deficits or surpluses as they actually developed. The School Board has prepared for it annually audited statements by an accounting firm and the same accounting firm in turn prepares the Annual School District Report (Form B) that is submitted by the Swan Valley School District to the Michigan Department of Education for each annual fiscal year. For the fiscal year ending June 30, 1976, there was given to the Association two different figures as to a deficit, namely, a figure of (\$1,917.00) and a figure of (\$2,681.00) and was finally determined to be (\$2,681.00).

An examination of the Audit Report for the School District prepared by the Board's Auditors, Rehmann, Eischer, Vallee & Lunt, Certified Public Accountants, for the fiscal year ending June 30, 1976, indicates a fund balance (deficit) of (\$14,153.00) whereas the Form B prepared by the same accounting firm for the School District indicates a "general fund equity" or deficit of \$(\$2,681.00). Such variances in financial data do cause problems in negotiation on economic issues and cause the Association to view financial data given them by the Board with skepticism and, therefore, the Association contends that the present budget has some inflated expenses that could be reduced. In the past, there was a \$108,144.00 general fund equity for the school year ending June 30, 1974, \$54,345.00 general fund equity for the school year ending June 30, 1975, (\$14,153.00) for the general fund equity for the school year ending June 30, 1976 and this negative figure was ultimately reduced to (\$2,681.00).

The Fact Finder requested from the parties the percentage of teachers' salaries to the entire budget for the past several school years. Teachers' salaries were to be made up of the following categories taken from the Form B submitted by the School District to the State Board of Education.

ACCT NO.

Elementary Grades

1103	Salaries of Teachers
1104	Salaries of Substitute Teachers

Secondary Grades

1203	Salaries of Teachers
1204	Salaries of Substitute Teachers
1205	Salaries of Librarians
1207	Salaries of Guidance Personnel

Special Education

1303	Salaries of Teachers
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Adult Education

1503	Salaries of Teachers
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The Association submitted two sets of percentages as follows:

<u>Year</u>	<u>(Orig Assoc. Ex. 14)</u>	<u>MEA Print Out</u>
1971-72	59.39	63.19
1972-73	59.25	61.12
1973-74	58.58	59.26
1974-75	58.32	57.61
1975-76	59.14	

The Board submitted figures for:

	<u>BUDGET</u>	<u>ACTUAL</u>
1974-75	52.06	52.90
1975-76	49.49	50.58

The Board in its letter of February 3, 1979 stated "Total Base salaries of teachers as proposed by the SVEA equals 52.3952% of the 1976-77 Budget Total; the same as proposed by the Board of Education equals 50.3063% of the total 1976-77 budget".

The Association submitted in its Exhibit 15 a Comparison of Teachers Salaries to Cost of Living.

<u>Year</u>	<u>% of Cost of Living Increase</u>	<u>% of Teacher Salary Increase</u>
1974-75	11.5%	5.2%
1975-76	9.6%	5.0%
1976-77	5.4%	3.6% (Board Proposal)
		7.2% (Assoc. Proposal)
<u>Average</u>		
1974-76	8.8%	4.6% (Board Proposal)
		5.8% (Assoc. Proposal)

In the negotiations between the parties the Association originally requested a starting batchelor's degree salary of \$10,000.00 and the Board of Education offered \$9,050.00. At the date of the first fact finding hearings, namely, January 25th and 26th, the Board of Education had increased its offer to \$9,367.00 and the Association had reduced its request to \$9,700.00. The parties did negotiate in the early part of the month of March and the Board of Education increased its offer \$50.00

raising its offer to a beginning salary for batchelor degreed teachers to \$9,426.00. The Board contended that this increase would cost the Board \$11,075.00 and would increase the percentage of teachers salaries to budget by .0034%. The Association did not accept the Board's new offer nor did it reduce its request below \$9,700.00.

In addition to the references set forth above of economic facts and figures the parties at the fact finding hearings submitted numerous economic exhibits and in addition the Board of Education by letter subsequent to the first two fact finding hearings submitted financial statements, additional financial data, Form B's, and General Fund Budgets for the Program Control Unit to the State Board of Education. The Fact Finder requested the parties to define comparable school districts in order to assist him in arriving at a suggested beginning salary for batchelor degreed teachers, and then examine the starting salaries in those districts for a comparison. At one time, the Board submitted three such school districts, namely, Hemlock, St. Charles and Saginaw Township. At another point in the hearing, the Board submitted the three above mentioned school districts and added Freeland. The Board, in addition, offered a comparison of Swan Valley with 11 other school districts within the boundaries of the Saginaw Intermediate School District, namely, Birch Run, Bridgeport, Buena Vista, Chesaning, Frankemuth, Freeland, Hemlock, Merrill, Saginaw City, Saginaw Township, St. Charles. The Fact Finder made an average of the first three school districts beginning batchelors' salaries and arrived at an average figure of \$9,445.00; made an average of the second group of four school districts and arrived at an average figure of \$9,484.00; made an average of the 11 other school districts and arrived at a figure

of \$9,561.00. An average of the three school districts and the 11 school districts is \$9,503.00, an average of the four school districts and the 11 school districts is \$9,522.00 and an average of the three school districts, the four school districts and the 11 school districts as set forth herein is \$9,496.00. The Association submitted Exhibit 3B (a copy of which is attached hereto) as 16 school districts that have negotiated the batchelor s degree minimum for the 1976-77 school year and are all in the same geographic area. An average of these 16 districts is \$9,501.00.

During the hearings each party referred to the MESSA health insurance program given by the Board to the Swan Valley teachers. It appeared as though the parties agreed that the MESSA health program was, at least, equal to and perhaps superior to health programs offered by other school districts in the area and was more costly and contained better benefits than Blue Cross-Blue Shield. However, some of the other districts offered better Life Insurance Programs than Swan Valley. The Board contended that there should be a variance in the beginning batchelors' salary due to the excellence of the MESSA program; the Association contended economically that the MESSA, Life Insurance and Dental programs offered by the surrounding school districts were equal in monetary value to the Swan Valley program. It appeared to the Fact Finder that the MESSA program offered by Swan Valley is an excellent program, and in view of the fact that the Association was dropping the issue as to dental coverage at this time and in view of the variances of life insurance coverage between the districts that this item should not be given great economic significance in the Fact Finder's recommendation for a beginning batchelor's degree salary.

The Board pointed out that due to the "step system" as

referred to supra that there is a built in increment of 4-5% annually in teachers' salaries so if the base wage rate is raised, then 4-5% should be added to the percentage raise. The Association pointed out that teachers are paid at a low starting wage. In the Saginaw area the Bureau of National Affairs average earnings in Metropolitan Areas by bulletin dated December 2, 1976, indicate secretaries in Saginaw earn \$216.00 per week as of November, 1975. The Association further pointed out that teachers who have two children who hire in at the beginning batchelor's salary are at a poverty level; that the teacher to receive the increments as set forth in Appendix A attached to the Master Agreement between the parties must teach in the system; that the increase in teachers' salaries has not kept pace with the increase in cost of living; that several teachers have recently left the Swan Valley School District because of economic factors.

The underlying argument of the Association is that Swan Valley is not keeping pace in its beginning batchelor's degree salary with the surrounding school districts. The Fact Finder realizes that the beginning batchelor's salary beginning in the Swan Valley School District has not increased as rapidly as the cost of living. The Board contends that it finds itself between the teachers and the taxpayers whom it represents and to whom it must go for millage on an annual basis. (The revenues for the school budget come from millage, intermediate, state aid and federal aid.)

The recommendation of the Fact Finder of the beginning salary for batchelor degreed teachers is difficult to set. The backbone of an excellent school system are teachers who are well qualified to teach and who are paid an adequate salary. On the other hand, the Board of Education is faced with budgetary problems. In this case though the percentage figures of

teachers' salaries to the budget given me by the parties vary, it is apparent that the percentage of teachers' salaries to the entire budget has been declining over the past several years. It is the opinion of the Fact Finder that this trend should start to reverse itself.

As set forth supra, the Fact Finder calculated averages of beginning salaries for batchelor degreed teachers. Therefore, weighing all the economic data carefully, and particularly, the statistics set forth above it is recommended that the beginning batchelor degree salary for teachers should be \$9,500.00 per year.

THE MINIMUM SALARY FOR MASTER DEGREED TEACHERS:

Of the 125 teachers presently teaching in the Swan Valley School District 28 of them have Master's Degrees. The Association requests an \$800.00 per year differential between teachers with Batchelor's Degrees and teachers with Master's Degrees. The Board offers a \$500.00 differential. An examination of the exhibits submitted to the Fact Finder by the Association going back, at least, to the 1972-73 year indicates a \$500.00 differential between the two degreed teachers. At the hearing, historically the Association contended that the district was above average in salaries for the batchelor degreed teachers and lower with respect to the master degreed teachers. The Association pointed out that most of the school teachers have better step increases than Swan Valley and, therefore, Swan Valley falls further behind and some districts also pay teachers to take courses leading to the Master's Degree. In the Fact Finder's opinion, there is no question that the cost of obtaining a master's degree continues to increase as does the cost of obtaining a batchelor's degree. In addition, teachers should be encourage to up-grade themselves and obtain higher degrees of education.

At the fact finding hearing the Association indicated that there is a variance of approximately 5½% to 7½% between

beginning batchelor teachers' and master teachers' salaries in the area. In addition, the Association pointed to a comparison between beginning batchelor degreed salaries and beginning master degreed salaries in their exhibits 8A and 8B. The Fact Finder on examining the master degree salaries for Freeland noticed an unusually high percentage variance and a differential of \$1,248.00. If Freeland is eliminated from the districts covered and Saginaw is likewise eliminated due to its non comparibility to the Swan Valley School District there is an approximate 7.5% average differential. In addition, the Association has contended that the salary paid to master degreed teachers with relationship to 23 communities in the area has declined from #13 in 1972-73 to #16 in 1973-74 to #18 in 1974-75 to #18 in 1975-76 and based upon the Board proposal would be #22. After considering all the economic data and tables submitted to the Fact Finder, the Fact Finder is of the opinion that a fair differential between beginning batchelor salaries and beginning master salaries should be 7% or \$665.00 and such a difference would raise the rank of Swan Valley in relation to other school districts in the area.

FRINGE BENEFITS WITH RESPECT TO DENTAL INSURANCE AND
FULL FAMILY INSURANCE:

At the first hearing the Association took the position that it was too late in the school year to have any effective dental program and, therefore, the Association dropped its request for dental care and full family insurance being added to the medical program and the School Board agreed to the removal of this issue.

RENEGOTIATION OF SALARIES PERTAINING TO APPENDIX B
OF THE MASTER AGREEMENT BETWEEN THE PARTIES:

At the first hearing, the Association presented to the Board a new concept with respect to the payment of teachers who

are involved in extra curricular activities, such as coaching sports, debating, etc. Formerly, those teachers who had a Master's Degree received a higher rate of pay than those with a Bachelor's Degree. The Association contended that the payment of such extra curriculum activities should not pay a master's degreed teacher more than a teacher with a bachelor's degree and, therefore, proposes a new method of payment of teachers involved in such activities. The Board agreed to the concept that there should not be a differential in pay for such employment between a teacher with a bachelor's degree and a teacher with a master's degree. This issue had not been negotiated between the parties and the parties agreed to negotiate the issue. The parties advised the Fact Finder that in the event they could settle the first two issues they were confident that they could settle this issue.

REDUCTION OF THE TEACHING LOAD OF ELEMENTARY TEACHERS
FROM 27½ HOURS PER WEEK TO 26½ HOURS PER WEEK

The elementary teachers contend that they teach elementary pupils or have contact with elementary pupils 27½ hours a week whereas all other teachers in the school system teach 5 hours per day for a total of 25 hours per week. The elementary teachers propose that they be permitted to teach one hour less per week and spend the additional hour in preparation. They feel that the pupils of elementary age do not have sufficient attention span to be in class 5½ hours per day. The balance of their 35 hour working week presently consists of 3 3/4 hours for preparation and 3 3/4 hours for lunch.

The school system provides an enrichment program for students in the elementary grades consisting primarily of music and physical education. There appears to be a desire to add art and library. At the present time, the 4th, 5th and 6th grade teachers are teaching 26½ hours per week and the pupils in the

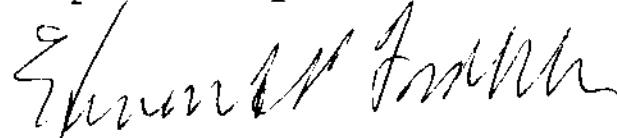
4th, 5th and 6th are receiving enrichment programs which require the services of additional teachers. This program has been in effect for the 2nd semester of this school year and the School Board intends to alternate such an enrichment program between grades 1, 2 and 3 for one semester and grades 4, 5 and 6 for another semester in the future. The Board at the last hearing requested that the Association drop this issue as the school year is coming to an end and it would not be possible to change the present format of instruction and to negotiate this issue during the summer. The Association, however, wishes to have the Fact Finder rule on this particular issue not for the current school year but for negotiations for the school year commencing in September of 1977.

The pros and cons of this issue were discussed at length at the hearings and philosophically, there is no answer to this issue. The Association presented its exhibits 18A and 18B relative to the number of hours elementary teachers were "in contact" with the pupils in other schools in the area. The Board contended that the figures as set forth therein were not correct as there were problems concerning time out for recess and other problems. It is the opinion of the Fact Finder that what is best for the children should control. The Fact Finder is neither a school psychologist nor an educator. If there would be no harm done to the pupils in reducing class time or contact time one hour then in view of the fact that other teachers in the Swan Valley school system in highschool and intermediate grades teach 25 hours per week or 5 hours per day then, perhaps, the parties should consider the advisability of the elementary teachers teaching $26\frac{1}{2}$ hours per week with the additional hour spend by the elementary teachers for preparation. However, due consideration should be given to whether

or not the Board of Education can afford to hire additional teachers to implement the enrichment program presently in effect in the Swan Valley School District to occupy the elementary students time for one additional hour per week.

At the fact finding hearings it was evident that it was within the sole determination of the Board as to whether the Board could afford teachers for the enrichment program presently in existence in the Swan Valley School District or as it might be supplemented if all elementary teachers teach or are in contact with the elementary grade pupils 26½ hours per week. If the enrichment program should be eliminated, as has been done in many school districts due to budget problems, then the elementary students would have to be sent home one hour per week earlier. Such a situation, in the opinion of the Fact Finder, would be to the detriment of the elementary grade students and in such event the time spent by elementary teachers in class or "in contact" with the elementary grade students should not be reduced.

Respectfully submitted,



EDWARD P. FROHLICH
Fact Finder
1836 Guardian Building
Detroit, Michigan 48226
962-0890

DATED: Detroit, Michigan
April 11, 1977

SWAN VALLEY EDUCATION ASSOCIATION
FACT FINDING
SAGINAW COUNTY - REGION 11E

3 Year Salary Comparison
of Districts in Region 11 B-E
BA MINIMUM (ASSOCIATION PROPOSAL)

DISTRICT	1974-75	1975-76	1976-77	3-year \$ increase plus ret. ben.	3-year % increase plus ret. ben.
Freeland	\$ 8,300	\$ 8,600 *	\$ 9,600 -	\$1,730	20.8%
Bridgeport	8,800	8,240 *	9,750 -	1,412	16.1
Saginaw	9,398	9,633 *	10,124 -	1,208	12.8
St. Louis	8,666	9,240	9,740 -	1,074	12.4
Buena Vista	8,772	9,386	9,855 -	1,083	12.3
Saginaw Twp.	8,772	9,123	9,853 -	1,081	12.3
Birch Run	8,750	8,838 *	9,368 -	1,059	12.1
xSwan Valley	9,050	9,050 *	9,700	1,102	12.1
Ithaca	9,000	9,450	9,600 -	1,080	12.0
Alma	8,900	9,450	9,950 -	1,050	11.8
Carrollton	8,775	8,863 *	9,250 -	918	10.4
Ashley	8,650	8,900 *	9,100 -	895	10.3
Merrill	8,740	9,090	9,590 -	850	9.7
Breckenridge	8,736	8,900	9,500 -	764	8.7
Chesaning	8,775	9,050	9,050 -	727	8.2
Fulton	8,500	8,550 *	8,700 -	627	7.3
St. Charles	8,700	8,800	9,000 -	300	3.4

Cost of Living				
% Increase	9.3%	5.9%	est. 4%	19.2

Source of Cost of Living Increase: U. S. Dept of Labor
Consumers Price Index
U. S. All Cities

* indicates year in which non-contributory retirement was instituted.

<u>\$ INCREASE over 3 year period</u>		<u>% INCREASE over 3 year period</u>	
High	\$1730	High	20.8%
Low	300	Low	3.4
Median	1059	Median	12.0
Mean	997	Mean	11.3