

In The Matter of A Dispute)
 Between)
 Traverse City Public Schools)
 and)
 Traverse City Education)
 Association)

Michigan State University
 LABOR AND INDUSTRIAL
 RELATIONS LIBRARY

FACT FINDING REPORT AND RECOMMENDATIONS

James T. Senne

The undersigned was appointed Fact Finder under the Public Employee Provisions, Section 25 of the Michigan State Labor Mediation Act (No. 176 of Public Acts of 1935, as amended) in a dispute between Traverse City Public Schools and Traverse City Education Association. Such appointment by letter dated June 27, 1967 was made by Robert G. Howlett, Chairman of the State Labor Mediation Board.

Arrangements were made with the parties for hearing beginning at 10 a.m. Wednesday, July 12, 1967 at Traverse Heights School. Meetings lasted through Thursday evening, July 13, 1967. Although the parties at the suggestion of the Fact Finder tentatively agreed to hold further meetings in an effort to resolve differences, both felt that the Fact Finder should proceed to prepare his report and make recommendations. Accordingly, this report with recommendations is submitted.

Issues

The primary dispute is over a salary schedule for teachers in the agreed unit for the year 1967-68. In addition TCEA is asking for certain fringe benefits as to which the Board has neither acceded nor made a counter proposal. These benefits will be detailed hereinafter to the extent deemed necessary.

Traverse City Public Schools

Background Facts

These same parties had a dispute over salaries for the 1966-67 year just concluded. The undersigned was appointed Fact Finder in that dispute.

He found that there was indeed justification for teacher demands for salaries beyond those offered by the Board. But at that time there was or appeared to be a limitation on the extent to which legitimate demands could be met without deficit financing. The Board has suffered, so it claimed, at the hands of the County Allocation Board. It had pledged to the voters in a prior millage campaign, that it would not engage in deficit financing, and it proposed to keep that promise. Moreover, it had to go to the people for a vote on operating millage to replace 3 1/2 mills expiring in 1966-67. It said that hopefully it could obtain additional operating millage besides.

The Board did assure, however, that if there were unanticipated revenues, 70% thereof would be diverted to teachers' salary increases. It was with these matters in mind that the undersigned made such recommendations as he did in his 1966-67 report. He agreed that there should be no deficit financing, but said it was clear that Traverse City was not taxing realistically for adequate operating revenue to meet realistic teacher salary needs.

The above background facts should be kept in mind in respect to this report and recommendation.

Facts of This Dispute

Financial Condition of The School District: As stated above, 3 1/2 mills of total voted millage for operating purposes was to expire in 1966-67 and had to be

renewed. Accordingly, a millage campaign for operating purposes occurred in February, 1967 at which time the voters were asked to approve a 12-mill increase (to include the 3 1/2 mills expired) for operating. This campaign was unsuccessful and was immediately followed by another in which the voters were asked to approve 9 1/2 mills for operating purposes. This millage increase request passed by less than a 100 vote margin.

The School Board in making its proposal for salary increases for the coming year, estimated a state equalized valuation for the district of \$74,500,000. Thus, the total anticipated revenue from the 9 1/2 mills is \$707,750 and a grand total anticipated revenue of \$3,149,187. Subtracting the 3 1/2 mills, which is merely renewed, there is left in new voted millage six mills which, computed against the above state SEV, comes out to \$447,000. This represents new millage not enjoyed by the district in prior years. The Board says that it was necessary to add nine teachers to its staff, the cost of which was above \$58,000 in salaries. Thus, the offer made to the TCEA in increased salaries is based upon first subtracting the cost of added staff from the amount to be realized from new millage. Thus, the net amount accruing to the Board from which increased salaries and the increased cost of other operating expenses could be met amounted to \$388,500 ($\$447,000 - \$58,500 = \$388,500$). The Board prices its offer in salary increases to 237 teachers at \$190,000. There is no significant dispute between the TCEA and the Board as to how this figure was arrived at, nor as to the accuracy of its computation.

Comparisons of Teachers Schedules (1966-67), Board Proposal for (1967-68), and TCEA Request for (1967-68): Following is a comparative schedule for BA and MA degrees beginning with the 1966-67 schedule and the Board's proposal for 1967-68, and the original teacher proposal for 1967-68.

BA Degree Only

<u>1966-67 Schedule</u>	<u>1967-68 Brd. Recom.</u>	<u>1967-68 Original Teacher Recom.</u>
\$5200	\$5700	\$5600
5300	5850	5880
5500	6000	6216
5725	6225	6608
5950	6550	7056
6175	6775	7504
6400	7000	7952
6625	7225	8400
6850	7450	8848
7075	7750	9269
7300	8000	
7525	8225	
7750	8450	

MA Degree Only

<u>1966-67 Schedule</u>	<u>1967-68 Brd. Recom.</u>	<u>1967-68 Original Teacher Recom.</u>
\$5600	\$6100	\$6000
5750	6250	6300
5900	6400	6660
6125	6625	7080
6350	6950	7560
6575	7175	8040
6800	7400	8520
7025	7625	9000
7250	7850	9480
7475	8175	9960
7700	8400	
7925	8625	
8150	8850	

The TCEA's Position: The TCEA states that an offer of \$190,000 in increased teachers' salaries is wholly inadequate. In support of this it presents an impressive array of exhibits. These exhibits show among other things the following:

1. That since 1964-65 and through 1966-67 a comparison of Traverse City with state median teacher salary schedules reveals that in 1964-65 the state median BA minimum was \$5,032, the BA maximum \$7,708, the MA minimum \$5,341 and the MA maximum \$8,200. Traverse City for these same items showed the following:

COMPARISON OF TRAVERSE CITY WITH STATE SALARY SCHEDULE DATA (1)

1964-65	<u>B.A. Min.</u>	<u>B.A. Max.</u>	<u>M.A. Min.</u>	<u>M.A. Max.</u>
State Median	\$5,032	\$7,708	\$5,341	\$8,200
Traverse City	4,600	6,721	4,907	7,047
Traverse City lower by	432	987	434	1,153

BASED ON REPORTS FROM PUBLIC SCHOOL DISTRICTS EMPLOYING 69,044
OF APPROXIMATELY 73,650 PUBLIC SCHOOL TEACHERS

1965-66	<u>B.A. Min.</u>	<u>B.A. Max.</u>	<u>M.A. Min.</u>	<u>M.A. Max.</u>
State Median	\$5,165	\$8,042	\$5,543	\$8,666
Traverse City	4,700	6,867	5,013	7,200
Traverse City lower by	465	1,175	530	1,466

BASED ON REPORTS FROM PUBLIC SCHOOL DISTRICTS EMPLOYING 74,269
OF APPROXIMATELY 76,000 PUBLIC SCHOOL TEACHERS

1966-67	<u>B.A. Min.</u>	<u>B.A. Max.</u>	<u>M.A. Min.</u>	<u>M.A. Max.</u>
State Median	\$5,609	\$8,652	\$5,981	\$9,590
Traverse City	5,200	7,750	5,600	8,150
Traverse City lower by	409	902	381	1,440

BASED ON REPORTS FROM PUBLIC SCHOOL DISTRICTS EMPLOYING 77,610
OF APPROXIMATELY 80,000 PUBLIC SCHOOL TEACHERS

(1) Michigan Education Association Teacher Salary Survey

2. That Traverse City should be compared with class "E" cities of less than 25,000 population in accordance with the State Department of Education listing. There are 68 such cities and the TCEA insists that the ranking of Traverse City should be related to such cities.

3. That out of a total of 508 school districts in the state in accordance with 1966-67 data, Traverse City ranks unfavorably in numerous important respects such as state equalized valuation per pupil.

The following illustrates a comparison in state equalized valuation, allocated and voted millage: Traverse City is 80 in SEV, per pupil it's 202, in allocated millage it's 356, in voted millage 250, and in total operating millage 275.

4. Average teachers' salaries in 1965-66 were lower in the MEA district in which Traverse City finds itself than in any other district in the State of Michigan including the U. P.

5. In a profile showing the finance and salary factors by school district, Traverse City is near the midpoint in wealth per child, is well below the midpoint in operating investment per child, in allocated millage, and in extra support voted for operating purposes. This is true for the years 1964-65, 1965-66 and 1966-67. Moreover, in these same years the minimum and maximum bachelors degree and masters degree salaries have been near the bottom despite the fact that wealth per child has been at or near the midpoint. Moreover, the number of increments required for a teacher to reach maximum in a salary schedule is 14 in Traverse City whereas the midpoint for the state is 11.

6. The TCEA insists that in terms of student population, state equalized valuation, and state pupil valuation, Traverse City should be compared to the following districts, and that if so compared, Traverse City's position is as follows on the next page:

COMPARISON WITH COMPARABLE SCHOOL

DISTRICTS

For the purpose of comparison with comparable school districts, the following nine exhibits have been prepared. In choosing these districts, an attempt was made to select districts with comparable student population, state equalized valuation, and equalized valuation per pupil. The twelve districts, and the comparable data, are shown below:

	<u>Total Resident Student Population</u>	<u>State Equalized Valuation</u>	<u>Per Pupil Valuation</u>
Melvindale	5,500	82,697,774	15,036
Benton Harbor	11,800	141,877,615	11,922
B. C. Lakeview	5,062	57,813,207	11,414
Romulus	4,600	59,739,129	12,989
Mona Shores	5,950	64,268,198	10,801
Grand Haven	5,484	97,542,615	17,787
Muskegon Hts.	4,750	45,000,000	10,801
Flint Beecher	6,545	72,829,958	11,077
Owosso	6,190	72,941,798	11,765
Escanaba	4,538	50,563,606	11,117
Holland	4,350	88,928,839	19,872
Adrian	5,576	78,000,000	13,978
Traverse City	4,570	65,593,966	12,032
Traverse City Ranking	11th	8th	6th

In salary rankings for 1966-67, Traverse City is revealed to be at or near the bottom for the same districts. The following indicates the salary rankings:

	<u>B.A.</u> <u>Min.</u>	<u>B.A.</u> <u>Max.</u>	<u>M.A.</u> <u>Min.</u>	<u>M.A.</u> <u>Max.</u>
	5750	9200	6200	10100
	5600	8800	6150	9720
	5575	8650	5975	9650
	5575	8640	5975	9350
	5500	8525	5940	9119
	5500	8505	5900	9099
	5500	8413	5856	9075
Average	5487	8363	5832	8968
	5400	8360	5731	8965
	5400	8924	5700	8768
	5400	8025	5850	8475
	5300	7875	5616	8420
	5300	7750	5600	8275
Traverse City	5200	7720	5600	8150

* Each column is in rank order

Numerous other comparisons were invited and exhibits were submitted to show the comparisons. In all cases Traverse City was in an unfavorable position. These will not be exhaustively presented in this report, but it should be said that none of the exhibits presented by the TCEA were challenged as to accuracy by the School Board. Some of the most important ones were presented by Mr. Thomas H. Northey, MEA Research Assistant.

School Board's Position: The Board's Position may be summarized as follows: It objects to exhibits that purport to show comparisons for the years 1962-1966 as irrelevant. It states that a fact finding hearing was held in 1966 for the year 1966-67 and that the only reasonable comparisons are for that and the current year. It says that the TCEA's attorney following the 1966-67 negotiations in a letter to the members of TCEA characterizes the results as "a great leap forward". The Board's proposal represents a very substantial increase in teachers' salaries and that any increase over and beyond that offered must come from monies available as a result of increased voted millage which has already been allocated to other operating expenses on what the Board considers to be a realistic basis. It prices the teachers' salary demands at \$391,822 for 237 teachers. It claims that the teachers have failed to recognize that the cost of nine additional teachers' salaries already contracted for will amount on the Traverse City salary schedule to \$58,000 and that these nine teachers are needed to meet demands of reduced class size. It says that the total package represented by the TCEA's demands for increased salary schedule and fringe benefits amounts to \$520,391.

The Board says that it has based its proposal upon an estimated 5,918 school population and an anticipated state equalized value of \$74,500,000. It claims that the only increase in millage that can properly be applied is six mills, and it believes that \$190,000 represents a fair proportion of the anticipated increase in revenue based upon six mills.

The Board does not place great stress upon the increments upon which its proposal was made, namely \$500, \$600 and \$700, but says that any refinement in such increments must come as a result of negotiations and adjustments. The Board says it is not frozen to its original offer, but says it is awaiting a realistic counter offer by the TCEA before it can determine whether and what further offer should be made by the Board.

Note: For reasons which appear in the recommendations below, this report does not detail findings on fringe benefits.

Recommendations

Salaries

As was stated in the beginning of this report, a review of last year's fact finding discloses that the Board was then prepared to increase its offer to the teachers by 70% of any unanticipated new revenues. Taking this as the basis for recommendation and six mills as the appropriate new millage to be applied to the estimated SEV of \$74,500,000, it is apparent that the \$190,000 offer by the Board to the teachers does not amount to 70% of what were then (1966-67) unanticipated new revenues but which are now realized based on the new millage. Six

mills should produce \$447,000. Seventy percent of \$447,000 = \$312,900. If \$58,000 is then credited for the cost of new staff, the offer should have been \$254,900 instead of \$190,000. This is in fact 70% of the amount which has been realized from new voted millage giving credit for the added cost of new staff. It is apparent that an additional \$64,900 should be added to the Board's offer in order to make that offer the equivalent of 70% of net new operating revenue. This assumes that 30% of such revenue is necessary to take care of other added operating costs, an assumption which may or may not be correct, but in any case is a figure used by the Board itself last year in stating its willingness to relate further increases to 70% of unanticipated revenue. On the basis of 237 teachers, this amounts to roughly \$274 per teacher beyond the amount already proposed. The Fact Finder has no recommendation to make as to how this money should be spent, but feels the parties are in a better position to appraise the value of increased wages, decreased steps in the salary schedule, fringe benefits, etc. If the total amount of \$274 (\$275 round figures) were added to the Board's proposal, this could mean an increase in the BA minimum from \$5,700 to \$5,975 and in the maximum BA schedule from \$8,450 to \$8,725. In the MA schedule this could mean an increase from the Board's recommended starting rate of \$6,100 to \$6,375, and in the maximum from \$8,850 to \$9,125. In checking over some of the other 1967-68 negotiated schedules in school districts less wealthy than Traverse City, the Fact Finder observes that the starting salaries range from \$5,800 to \$6,000 for the BA degree. He therefore does not believe the above increase would be at all out of line and will put the Traverse City

schedule more nearly in line with other districts instead of a year behind such districts. It is true that this recommendation takes no account of fringe benefits and other demands made by TCEA, but as has been stated above, such adjustments can be made if other demands are felt to be more important than the above proposed increase. The Fact Finder has stayed away from speculation as far as possible, has used as nearly as possible the Board's own figures for allocation of salary increases based upon once unanticipated but now certain increases in revenue. If further increases occur, the amount recommended by this report should reflect the same.

The Fact Finder is aware that about 1/2 mill operating increase has been allocated by the County Allocation Board. Since the 1966-67 recommendations were based upon such additional 1/2 mill, this amount has not been considered a gain, but rather as an offset.

July 26, 1967
DATE

James T. Dunne
James T. Dunne, Fact Finder