

1747
Fact-Finder - Paul Jacobs

FACT FINDING OF JULY 1, 1987 THROUGH JUNE 30, 1990
COLLECTIVE BARGAINING AGREEMENT FOR THE
WEST BRANCH-ROSE CITY AREA SCHOOLS

In the Matter of the Fact Finding Between:

WEST BRANCH-ROSE CITY
AREA SCHOOL DISTRICT

-and-

WEST BRANCH-ROSE CITY
EDUCATION ASSOCIATION

LABOR AND INDUSTRIAL
RELATIONS COLLECTION
Michigan State University

Fact Finder:

PAUL JACOBS

MERC Case No. L87 G 514 /

INTRODUCTION:

The parties reached an impasse in their contract negotiations subsequent to the contract, which expired June 30, 1987. On September 8, 1987, a Petition for Fact Finding was filed by the West Branch-Rose City Education Association, MEA/NEA, listing the following seven unresolved issues:

Issue #1: Calendar
Issue #2: Sabbatical Leave
Issue #3: Early Retirement
Issue #4: Sick Leave Bank
Issue #5: Class Size
Issue #6: Fringe Benefits
Issue #7: Salary

The undersigned was appointed as Fact Finder by the Michigan Employment Relations Commission (MERC). A hearing was held on Sunday, January 24, 1988, at the Forwards Conference Center in West Branch, Michigan. The hearing began at approximately 1:00 p.m. and concluded at approximately 9:00 p.m. Testimony was taken and multiple exhibits were presented by each side and admitted into evidence. Both sides had the opportunity to make opening statements and both sides presented briefs

West Branch-Rose City Area School District

postmarked February 12, 1988. Present for the Board of Education were:

THOMAS A. BASIL, Consultant
JIM ZUBULAKE, Superintendent
CLARENCE F. SMITH, Assistant Superintendent
NANCY GRIFFIN, School Board President
KATHY CURTIS, School Board Secretary
WILLIAM T. LANGENDORFER, Trustee (present until 3:15 p.m.
DOUGLAS SCHERRER, Treasurer (present from 3:25 p.m.
until conclusion of hearing.)

Present for the West Branch-Rose City Education Association MEA/NEA, were the following members of the Bargaining Committee:

FLOYD J. FITCH, MEA Executive Director
SALLY A. KEMMIS
(PHYLLIS) LYNN ALLISON
BRIAN MARTIN
BRAD FEGAN
A. RUTH FERGUSON
MICHAEL EGAN
JOHN T. ARTMAN
DAVID KIMBLE
MAUDE RUDD
LONI BRUNNER
MELISA J. LAWFIELD, MEA Uniserv Director 12-E
GAIL P. SCHMIDT, MEA Staff

The following exhibits were received in evidence:

FOR THE UNION:

- EX. #1 MEA letter of 9/4/87, listing bill of particulars to MERC .
- EX. #2 List of Board members, Administration Building personnel.
- EX. #3 Schedule of Negotiation Meeting dates.
- EX. #4 Master Agreement (Expiration 6/3/87)
Article IX. Illness & Disability (2/22/87 Proposal)
1) Sick leave accumulation from 165 to 170 days
2) Serious illness in family: limit of 5 days.
Association asking no limit on days.
3) Childbirth B(3) - delete.
4) Establish sick leave bank with 1,000-day accumulation.

FOR THE UNION: (Con.)

- EX. #5 Class Size
- EX. #6 State Aid Bill and Formula Explanation
- EX. #7 State Aid membership formula
- EX. #8 6/30/86 WB-RC Audit
- EX. #9 6/30/77 WB-RC Audit
- EX. #10 86-87 Form "B"
- EX. #11 Explanation of State Aid Formula
- EX. #12 Explanation for Headlee Amendment
- EX. #13 In and Out-of-Formula Summary comparison of
WB-RC
- EX. #14 October, 1986 State Aid Payout
- EX. #15 December, 1987 State Aid Payout
- EX. #16 Comparison Notebook
- EX. #17 1987-88 WB-RC Salary/Grid

FOR THE BOARD:

- EX. #1 Sick Leave Bank Survey of bordering districts
- EX. #2 LTD Survey of bordering districts
- EX. #3 Sabbatical Leave Survey of bordering districts
- EX. #4 Class Size Language Survey of bordering districts
- EX. #5 Pupil-Teacher Ratio Survey of bordering districts
- EX. #6 6/8/87, 8/24/87, 11/10/87 proof of millage
elections to decrease class size
- EX. #7 9/21/87 Board Resolution to limit class size in
grades K-3 25:1.

FOR THE BOARD: (Con.)

- EX. #8 9/16/86 Board Resolution to limit class size in
grades K-1 25:1
- EX. #9 10/15/85 Board Resolution to limit class size in
grades K-1 25:1.
- EX. #10 Board's Class Size Proposal
- EX. #11 9/17/87 District 4th Friday Elementary Student
Count
- EX. #12 BC-BS composite rates of \$221.12 per person/140
- EX. #13 9-District Survey of health plans
- EX. #14 9-District Survey of contract language for Early
Retirement
- EX. #15 WB-RC 1986-87 Actual vs 1987-88 Budget (1/19/89)
- EX. #16 Total Operating Millage Survey of Surrounding
Districts
- EX. #17 BA Min Raises 1985-88 - Survey of 9 Surrounding
Districts

BACKGROUND:

The West Branch-Rose City School District includes not only the Cities of West Branch and Rose City, but the County of Ogemaw. In geographical size, the school district is one of the largest in the State, although in terms of student body, the number is only approximately 2,700 pupils. A large portion of the school budget is used for pupil transportation. In fact, approximately \$233 per student is expended for transportation. The district is surrounded by nine school districts similar in geography, but not necessarily similar in enrollment or in State equalized valuation, or in millage levy. Two recent

millage elections in 1987 were only very narrowly defeated. On August 24, 1987, a .75 mil additional operating millage request was defeated by nine votes. On November 10, 1987, a proposition for an additional .75 millage for additional operating expenses was defeated by 12 votes. These two millage elections were held specifically with the view in mind of reducing class sizes, should the millages pass. Prior to the current school year, the school district was out of formula for state aid. Currently, the school district is within formula as to the requirements for state aid and is receiving an additional \$857,871 of state aid this year. The school district is fortunate in that it does have a current budget surplus which is invested so as to bring additional interest revenue to the community. The Board is concerned, however, that at the rate it is going, it will soon consume the entire budget surplus and be operating in a deficit position by the 1988-89 school year.

Both the School Board and the Bargaining Committee are to be commended for their bargaining efforts. There have been five bargaining sessions and three mediation sessions with the state mediator. The Board has indicated that it feels a special duty to the citizens to remain within the budget, and the Association Bargaining Committee has indicated that it feels a special duty to its members to permit them to live with dignity in an era of high prices and ever-increasing costs. The parties acknowledge that better salaries bring a better quality teacher to the district, and, in fact, the School Board recognizes that

the minimum B.A. salary should be increased to \$17,000. It is within the framework and recognition of the goals of both the School Board and the Bargaining Committee that the Fact Finder makes the following recommendations:

1. CALENDAR

There are two issues involved in resolving the calendar question. The first issue relates to the relationship between the number of student session day; currently 182, and the number of teachers workdays; currently three, for a total of 185 work-days (182/185). The Association wishes to increase the number of teacher days to four and reduce the number of student days to 181 (181/185).

The second issue relates to when the school year will commence. The Association advocates the commencement of the school year prior to Labor Day. The Association reasons that since the State Aid Act only requires 180 teaching days, the School Board could safely drop one teaching day and increase the teacher workday by one, without jeopardizing State Aid Revenue. However, the School Board's position is also based upon sound reasoning; namely, that there are any number of snow days through the year, and that if more than two days of school are missed and the number of school days is dropped to below 178, then makeup days must be held. Neither side presented any evidence as to an average number of days lost over the past several years due to inclement weather, nor was there any testimony as to whether or not there was a cost factor involved in

opening the schools prior to Labor Day. There was testimony to the effect that extending the school year beyond the normal time frame into late June interferes with summer education, which many of the teachers seek to undertake, and with summer plans, which many of the students and their families may be making.

Come the end of summer, we know all too well that most of the students are bored and only too happy to return to school. Therefore, what harm can there be in scheduling the school year to begin just prior to Labor Day and taking advantage of the better weather and preparing for the inclement weather, which we know is certain to befall the area of Ogemaw County as the winter season progresses.

As to the issue of the number of school days per year, it seems that one extra day is not going to make or break the training cycle for the classroom teacher. The students need each day of school that they can possibly have, and taking in light the fact that the number of school days may drop below the state mandated 180 to 178, and weighing the relative needs of the students and teachers, it seems unwise to reduce the number of student session days. The teachers in the West Branch-Rose City School District are not novices, they are experienced professionals. They have a background in teaching, and they can adequately prepare with the number of teacher workdays currently provided. They can also utilize the snow days. Therefore, I recommend that the parties maintain the current

182/185 ratio. However, I do further recommend that the school year commence, as requested by the Association, just prior to Labor Day.

2. SABBATICAL LEAVE

"Article X, A.4. Sabbatical leaves granted shall not exceed one per cent of the total certificated staff in that current year." Accordingly, that would account for 1.4 teachers per current calendar year. Prior agreement provides for salary protection as follows: "B.1. A teacher on sabbatical leave shall be paid 50% of his scheduled salary. However, the teacher may apply for an unpaid sabbatical leave."

The Association seeks to introduce the following language change: The amount to be paid shall be up to 50% of the scheduled salary. However, they request that in the future, the contract state that insurance coverage shall be offered. The Association asks that Article XI, Education Leave, be read in conjunction with Article X. The reason being that the Michigan Public Schools Employees Retirement System requires a leave to be designated a sabbatical leave for purposes of determining credited service time toward retirement benefits.

I recommend that Article X, Sabbatical Leave, and Article XI, Educational Leave, should be clarified by combining the two articles as one article, Sabbatical Leave. Compensation should remain at the current 50% level and insurance should be provided during the time of the sabbatical/educational leave.

3. EARLY RETIREMENT

The expired contract, in Article XXIX, contained a provision for early retirement, as follows: "Provision for early retirement of an employee may be negotiated on an individual basis with the Association." On January 2, 1986, the Board adopted a one-time-only retirement incentive plan, which is attached to the Association's brief as Attachment #3. The Association proposes that all staff members be treated equally on the subject of early retirement. The Board has stated that it does not want to treat each member in the same fashion, because this would encourage outstanding staff members to leave. The Association's proposal, as stated on its request for fact finding, is as follows:

"Employee must have ten (10) years of service for eligibility. Employee shall receive the following percentages of their full-time equated salaries, payable in one (1) lump sum at time of retirement from employment with the District:

<u>Age</u>	<u>Amount</u>
52 - 55	\$10,000
56 - 58	9,000
59 - 61	8,000
62 and Over	7,000

"Employee shall be paid for 50% of unused sick leave days at the rate of 1/185 per day of unused days in one lump sum at time of retirement from employment with the District."

The Board is also concerned with the dollar amount to be used for paying off the unused sick leave days. The Board's argument is that the days were accumulated at various rates during various

years of the contract. At the fact finding, the Union indicated a willingness to negotiate a fixed rate for each of the unused sick leave days. In general, early retirement has been something sought by the employer. It has been a method of reducing the work force where there has been a need to encourage employees to retire early in order to save costs. The School Board can benefit from early retirement by allowing persons at the top pay levels to retire and thus recruit new employees at the starting pay level. The object of paying an incentive for early retirement is not to create a benefit for a teacher who is about to retire or take employment with another district and walk away with a sizeable gift as he or she departs the district. There does not appear to have been any testimony that the Board currently intends to induce its teachers to consider early retirement by offering any additional incentives for them to accept early retirement at this time. Early retirement is not a fringe benefit that has been generally recognized. It is generally a tool used by the employer to reduce costs.

The Association, on the other hand, is entitled to know that each employee who may be offered early retirement, or who requests and is granted early retirement, will receive equal treatment. Accordingly, since there was no proposal from the School Board as to the dollar amounts for early retirement, I adopt and recommend the proposal made by the Association and suggest that it be included under a new article replacing the expired Article XXIX. Further, if the Association member accepts

early retirement, then he/she must understand that it is for actual retirement in conjunction with the Michigan Public Schools Employees Retirement System. Early retirement should not be seen as a way of doubledipping so as to encourage an Association member to take early retirement in one district and move on to another district.

4. SICK LEAVE BANK

The Board and the Association have tentatively agreed to increase the sick leave accumulation from 165 to 170 days. The Association proposes one sick day for non-relative funeral. They propose no limit on the number of days in Article IX, B.2.:

"B.2. Serious illness in the immediate family up to five (5) days per year. Immediate family shall include teacher's spouse, children, parents or foster parents, parents-in-law, grandparents, brothers, sisters, or any person for whose financial or physical care he is principally responsible."

The Association wants to eliminate paragraph B.3.: "One day for illness in the family, which requires the teacher to make arrangements for necessary medical and/or nursing care." The Association's proposal to place no limitations on the number of days that may be used under Article IX, B.2. cannot be lightly taken. There is a valid reason for distinguishing between those days granted to the teacher personally and those days granted under B.2. and B.3. I believe any significant change in B.2. or B.3. might open the floodgates to possible abuse.

The Contract adequately recognizes difficult family situations. The question is, should the number of days in B.2. or B.3. be increased. I recommend that B.2. be amended to permit up to 10 days, and B.3. up to three days. To permit any longer leavetaking would cause an undue hardship to the students and the school system.

The Association also wants to create a sick leave bank which is to be created from donations drawn from Association members. The purpose, as stated by the Association, is to cover the period between accumulated sick leave days and time a long-term disability takes over. A sick leave bank to cover any gap in pay between the time of the onset of the sickness and the time the long-term disability payment program takes over is certainly reasonable. Very few people have enough accumulated earnings to cover them in period of long illness. I recommend the implementation of a sick leave bank.

5. CLASS SIZE

The Board intends to maintain the class size at current levels. The Association seeks to reduce class size.

The current class size being followed is that as set forth in Article XXVI of the recently expired contract. The Association members pointed out the State Aid incentives to reduce the class sizes. The Association, in its original petition, asked for kindergarten class size 26, grades 1-4, 28 students, and grades 5-6, 30 students. At the fact finding hearing,

the Association requested 25 students in the morning kindergarten session, and 25 students in the afternoon kindergarten session, not an average of 50 students for the day. Grades 1-4, the Association asked for a maximum class size of 27 students, and in grades 5-6, a maximum class size of 30 students. The Association emphasized that maximum equalled maximum, and they did not want to work with the previous contract provision for a 10% overload factor. The Association made no request to change class sizes in the upper school. Neither the Board nor the Association produced any numbers to indicate what the additional cost of reducing the class size would cost the community. The Board did indicate that it has lost three recent millage elections in which it asked for millage increases on a basis of decreasing class sizes. The Board also introduced exhibits showing its adoption of resolutions based upon state-recommended figures for the lower grades. The Board adopted the recommended figures in order to qualify for additional reimbursement from the State Board of Education.

Those who are expert in the field of Education disagree over the subject of class size. Many experts feel that class size is irrelevant, whereas others feel that class size is extremely relevant. It is extremely difficult to control class size, however, because of the nature of our mobile population. It is not uncommon, as was testified to during the fact finding hearing, that students come and go during the school year and

that there are times when classes are temporarily above the desired size, or they may be experiencing the ten (10%) per cent overland factor. The School Board has indicated that it is interested in reducing class size and have taken the matter to the voters in three recent requests for millage. The school district voters have not permitted any major reduction in class size by reason of turning down the millage requests. The Association did indicate that the subject of class size may become more and more important in the future as the Board and the Association have to cope with the subject of mainstreaming. However, it did not appear that at this time the subject of mainstreaming was causing any particular difficulty to either the Board or the Association. It would appear that since the subject of reduced class size is most important at the entry level, the School District should reduce the class size in kindergarten in accordance with the request of the Association, to 25 in the morning and 25 in the afternoon, bus schedules permitting. The remaining grade levels and overload factor should be allowed to remain for the time being. The Association Bargaining Committee demonstrated that its members are all talented and qualified professionals who can temporarily cope with an extra student or two without any great difficulty.

6. FRINGE BENEFITS

Fringe benefits are provided for under Article XXVIII of the expired contract. The contract provides for a self-funded program of insurance, administered by Penn General

Service Corporation, Southfield, Michigan. In addition, the Board purchases a stop loss insurance policy as a backup to its own self-funded insurance program. The Association also receives dental insurance through the Delta Dental Plan, as well as vision insurance, long-term disability (LTD), and life insurance. The Association objects to the fact that the Penn General Services Corporation is not an insurance company, and, therefore, not subject to the rules and regulations of the State Insurance Commission. In addition, the Association expresses its concern over what it feels is a lack of confidentiality of the Association members' health records when claims are made for payment through Penn General. This problem is also recognized by the Board and it has indicated a willingness to address the problem. The Association also expresses concern that while the Penn General program is accepted in the West Branch-Rose City area, it is not widely accepted elsewhere, and it would be extremely difficult for an Association member to obtain medical coverage while away from the area without advancing funds.

The Association requests that the Plan be administered by the Michigan Educational Special Services Association (MESSA), likewise not organized as an insurance company within the meaning of the Insurance Code of Michigan. The Board strenuously objects to doing business with what it considers to be an organization sponsored by the MEA, although it is a separate corporation from the MEA. It argues that the imposition of an administrator, such as MESSA, between itself and the insurance provider is

a needless cost to both the Association members and the Board. The parties indicated that there had been some prior discussion about switching to Blue Cross-Blue Shield of Michigan, but no firm figures had been received as yet.

It would appear that the Association has a legitimate concern as to the confidentiality of its members' health records, as well as to the ability of its members to use their insurance benefits when outside the West Branch-Rose City area. It is also a legitimate concern to the School Board that it not have to fund and underwrite MESSA, which is an arm of the Union, or Association. Accordingly, I recommend that the School Board immediately place the hospital insurance policy out for bids to health care providers who provide the coverage directly, and not through intermediaries, such as MESSA. Contract specifications should be the same as those currently offered to the Association and the contract should be awarded to the bidder offering the Board the lowest price for the same contract services.

7. SALARY

The School Board has proposed a salary increase of five (5%) per cent for each of three years, commencing with the current school year. The School Board argues that the nine surrounding area school districts are the ones which must be looked at in making a determination as to what constitutes a fair salary increase over the three-year period, whereas the

Association indicates that West Branch-Rose City Area Schools should be compared with 46 other schools with similar enrollments and State equalized values. The Association is also concerned with the fact that in the 1981-82 school year, there was a wage freeze, which reflects in the B.A. salary schedule. The Association, referring to its Exhibit 16, points out that in its opinion, West Branch-Rose City area schools are continually in the lower 25 percentile as to salaries for school districts of like pupil enrollment and SEV. The Association also suggests decreasing the number of longevity steps, which it says will save the school district money. The Association points out that the average teacher's salary is \$24,235, or second from the bottom in its compilation of what it considers to be like schools, excluding the nine area schools surrounding West Branch-Rose City.

The Association also expressed its concern that the B.A. minimum is too low to attract adequate teachers to the system. The Association indicated that the Board is ready to raise the B.A. minimum to approximately \$17,000.

The Association and the Board indicate that the District is operating with a current budget surplus. The Board, however, indicates that the surplus will be depleted shortly. The Board also points out that there is less available for teachers' salaries because the cost of transporting students in the district is so high. For example, the cost of transporting a West Branch-Rose City student for a school year is approximately \$233, as opposed to \$19 in East Grand Rapids. The

Superintendent, James P. Zubulake, presented a proposed revenue and expenditure comparison indicating the 1986-87 actual versus the 1987-88 proposed budget. According to Mr. Zubulake's figures there will be a short fall in the 1987-88 year of \$213,230, and that in the 1988-89 year, the budget will wipe out the fund equity.

Each of us has to live within his or her means. None of us can spend more than we receive. However, when we make a purchase, it is necessary that we pay for the purchase. The residents of the West Branch-Rose City School District wish to purchase outstanding educational services for their youngsters. Accordingly, they have an obligation to pay for the services provided, or they cannot expect to have the services provided. The means for providing payment for said services must come from their pocketbook. If they cannot provide the services through means of self taxation and state aid, then they may have to face the harsh reality of being forced to reduce services offered and available to their children. This being the age of the satellite and the cable dish, it is no longer possible to live for less money in West Branch-Rose City than it is 150 miles south in the Detroit metropolitan area. All of our costs are the same, whether they be for hospitalization insurance, our automobiles, or our groceries. By the same token, the citizens of Ogemaw County expect talented and quality teachers for their youngsters. They must then face up to the responsibility of paying for the services required by them for

their youngsters, so that their youngsters will be able to compete in the state-wide community. It is unfortunate that \$233 per student is the transportation cost, as opposed to \$19 in other districts. However, this discrepancy in the amount of money that can be afforded for the implementation of wages and benefits for the Board of Education must be taken into consideration by the residents. Residents deem transportation an absolute necessity, then they must likewise deem quality education an absolute necessity, and in order to obtain quality education, they must expect to pay their employees approximately the same wages and benefits that are paid elsewhere in the State of Michigan. To restrict the members of the West Branch-Rose City Association to the nine surrounding school districts is to forever bind them to what may be an unrealistic wage level, unless one or more of the nine districts breaks loose. There is no reason why West Branch-Rose City cannot be the leader in the goal for excellence in education and set the example for the nine surrounding districts. I heartily agree with both the Association and the Board that the minimum wage for a B.A. teacher should be \$17,000. I cannot, however, agree with the Association's position that wages should be increased in double digit figures. There is a definite need for catchup, but it cannot all be accomplished under one contract. What must happen is that there must be planning so that the residents will know that their teachers are going to receive reasonable compensation for their services, comparable to that received elsewhere in

the State of Michigan. I recommend that the Association proposal in the reduction of the number of steps be accepted, although this will cause a hardship financially to some, hopefully only a few who are at or near the top step.

Recent millage defeats by only the narrowest margins indicate that the community is aware of the problems and with direction from both the Association and the School Board, indicating that the parties can resolve their differences amicably and without rancor or bitterness, I recommend the following in anticipation of what doubtlessly will require a future millage request. I recommend as follows: Except for the minimum B.A. salary, which I have already indicated should be increased to \$17,000, a seven per cent salary increase for the first year, a seven per cent increase for the second year, and a five per cent increase for the third year.

SUMMARY OF RECOMMENDATIONS:

Calendar - School year to commence prior to Labor Day.
No change in 182/185 ratio.

Sabbatical Leave - Combine sabbatical leave and educational leave. Percentage of pay as per expired contract, plus paid insurance.


Early Retirement - At discretion of Board, but at payment schedule as per 1986 Amendment.

Sick Leave Bank - Recommended.

Class Size - Kindergarten - 25 per session maximum, unless bus scheduling does not permit. Remainder of grades unchanged. Ten (10%) per cent overload factor permitted.

Fringe Benefits - No change. Place medical insurance with organized insurer who furnishes lowest bid.

Salary - Seven (7%) per cent first year, seven (7%) per cent second year, and five (5%) per cent third year.



PAUL JACOBS, Fact Finder
4000 Town Center
Suite 910
Southfield, MI 48075
(313) 352-2040

March 7, 1988