

1768
WOODHAVEN SCHOOL DISTRICT -and- WOODHAVEN EDUCATION ASSOCIATION
MERC Case No. DB4 E-1721

Report of the Fact Finder

By letter dated September 4, 1984, the Commission appointed me as Fact Finder in the above entitled matter. Contact was made with the parties and a preliminary hearing was held on September 5th. The Association was represented by Travis Griffin, Trudi McMahon, Bob Kellogg and Richard Schmidt. Representing the District was their attorney, William Albertson and Clyde Fisher, Personnel.

Although it was agreed to have the initial fact finding hearing on September 10th when the Association was to present its position, the matter was rescheduled for September 13th. At that time the Association presented its position and the following day the District made its position known to the Fact Finder.

At the present time the parties have an agreement which expires August 31, 1985 (Joint Exhibit 1). However, the contract states (Joint Exhibit 1 pp.75-76) "Increases in the Salary Schedule for 1983 - 1984 are negotiable." Section D, and "Increments and increases in the Salary Schedule for 1984 - 1985 are negotiable." Section E.

Thus, what has been presented to the Fact Finder is the classic wage reopener clause found in many long term labor contracts.

The hearing was held on September 13th commencing at 9 a.m.. Present for the Association were John E. Rennels, Travis Griffin, Wayne Parsons, Richard Schmidt, Trudi McMahon, James Kalisz and Robert Kellogg. Representing the District was William Albertson, attorney, LeRoy Bartman, Superintendent, Clyde Fischer, Personnel, and Bob Rowe, Business Manager.

Mr. Rennels made the presentation on behalf of the Association and presented nine (9) exhibits. He described the prior labor relations history between these parties which involved strikes and court actions and related an unhappy situation. Fortunately, that seems to have changed in more recent years and the decorum of the parties at the hearing reflected an attempt on the part of each side to at least understand the position of the other party to this proceeding.

The District was formed in 1968 by combining four existing districts. An undisputed statement was made that prior to the 1979 - 1980 period the District ranked in the top one-third in salary of the area. Now it is in the bottom one-third in salary of the area. In Association Exhibit 1 it listed the Bachelors and Masters Maximums for the last five years and compared those two salary categories with 26 other school districts in Wayne County represented by the Michigan Education Association (MEA). For the years 1983 - 1984 there were 10 districts which had not settled and for 1984 - 1985 there were 14 districts without a contract. The comparisons given in Association Exhibit 2

thus related to the settled districts. During the period from 1979 - 1980 through 1982 - 1983 the District moved from 7th position (for Masters Maximum) to 11th in 1980-1981, to 25th in 1981 - 1982 and to 19th (out of 21 settled districts) in 1982 - 1983.

The Association was deeply concerned about the relative position of the District as reflected by these figures. It tempered its proposal for 1983- 1984 to move the Bachelor's maximum from 16th up to 14th among settled districts, and the Master's maximum from 19th up to 13th. It's 1984 - 1985 proposal would move the Bachelor's maximum up to 6th and the Master's maximum up to 7th among the settled districts. As stated before, there are 10 districts not settled on the 1983 - 1984 contracts and 14 districts unsettled for 1984 - 1985. So the relative positions are subject to modifications up or down depending on the final settlements.

On the other hand, the Association asserted that the District's proposal would leave the Bachelor's maximum at the 17th position among settled districts for 1983- 1984 and 14th for 1984 - 1985. Similarly, the Master's maximum under the District's proposal would keep them at or near the bottom of the settled districts for 1983 - 1984 and the same for 1984 - 1985.

Association Exhibit 6 gave the percentage increases for the comparable district reflecting a higher level of increases than the present contract provisions. This was presented as an average settlement in Association Exhibit 7 although it had an acknowledged limitation since it excluded those years where no settlement was shown.

In its final two exhibits the Association related the percentage compensation to the prior years. Since there was no increase in 1981 - 1982, a 6.5% increase in 1982 - 1983, the Association stated that its proposal for a 5.1% increase in 1983 - 1984 and an 8.16% increase in 1984 - 1985 would average 4.9% over the entire period. This would be among the lowest average percentage increases among the settled districts for that period. The cost of the Association proposals was estimated to be \$1,478,000 with \$302,943 for the 1983 - 1984 period and \$1,175,083 for the 1984- 1985 year (4% improvement factor plus 4% Consumer Price Index (compounded to equal 8.16%).

The next morning the District commenced its presentation which included 18 exhibits. In the opening statement the District stated its major points would focus on available resources, cost of operation and allocation of resources. In contrast to the Association proposal, the District did not propose to put much emphasis on rankings and comparisons.

A map was introduced as District Exhibit 1 showing the physical location of the District in southwest Wayne County. District Exhibit 2 showed the history of millage elections in the District and the rejection by the voters of all proposals for new millage except for the most recent 3.5 mills for three years in June, 1984. This approval was predicated on the District

restoring the six hour day at the high school and middle school levels (District Exhibit 8b -Official Ballot) and for general operating purposes. District Exhibit 8a is a flyer to the voters issued by the Superintendent describing the loss of accreditation by the North Central Association if the 6th hour was not restored. It must have been persuasive since the millage was approved by a wide margin. Other statements are included in the same exhibit describing other uses the extra millage funds would be used for including a computer laboratory, books for the high school and building improvements.

Looking at the District's finances, District Exhibit 5 describes loans received by the District to meet its cash flow requirements - payroll, vendor payments and the like - and shows a sharp increase in short term borrowing from December 1979 to June 1984 when \$420,000 was borrowed in anticipation of receipt of state aid payments to a high of \$2 million in December, 1983 and a June 1984 \$1.5 million borrowing in anticipation of tax payments. This has cost the District about \$65,000 in interest payments this year after considering the offset from interest earnings. Similarly, the District ran its first deficit in 1979 - 1980 and continued in a deficit position according to the audits through 1982 - 1983. The 1983 - 1984 audit was not complete so the Fact Finder can not speculate about the results for that year. The District indicated it will have to continue to borrow substantial sums in the current fiscal year to meet its cash flow problems. Mr. Rowe, the Business Manager, stated that it would take an extra 8 mills for one year to get the District's cash flow problems under control.

In its recitation of the history of the District and its labor relations with the Association, the District described the labor strife and the reduction in classroom hours as well as other austerity measures taken to address the deficit. District Exhibit 3 is a Tenure Commission decision rejecting an appeal by a teacher who was terminated and claimed the District was not justified in doing so since it was not faced with financial problems. The Tenure Commission review included a description of the steps taken by the District and felt there was ample support for its economic necessity defense.

The proposed budget for the current fiscal year was introduced to demonstrate that there would only be \$20,000 balance without making any provision for teacher salary adjustments. (District Exhibit 11).

Another District Exhibit (7) listed millage rates and levies in 1983 - 1984 and shows that the heavy debt created by the need to build schools in the recent past contributes to the standing of the District (ninth in Wayne County) but with a much lower operating millage (27th). The need to service the debt by imposing 8.55 mills for this purpose and the recent economic situation has no doubt contributed to the rejection by the voters of additional millage until they were faced with the accreditation issue. And the millage table in District

Exhibit 7 does not include the additional 3.5 mills approved in June.

As a result of the millage approval, the District has restored the 6th hour in the high school and middle school and established a computer laboratory. Certain other improvements are included in the budget. The District made it clear that it felt compelled to honor its commitment to the voters who approved the millage that the funds derived would be used to restore the District's educational program. It has hired extra teachers to staff the 6th hour and proposes to hire additional librarians. The millage generates additional state aid and this has been accounted for in the budget. A bulge in kindergarten enrollment has required the school to employ two more teachers to meet the contract provisions dealing with class size.

In District Exhibit 9 the Board showed that the three other bargaining units in the District have settled for a zero increase in 1983 - 1984 and a 4% increase in 1984 - 1985. It also shows that the Board proposal for 1983 - 1984 is for no salary adjustment for that year but only the increment for those teachers who are eligible and have already received this payment under the existing contract. For 1984 - 1985 the Board proposes the same for those eligible for increments and a 3% payment to those at the top step. In 1984 - 1985 the cost of this proposal would be \$118,000 for increments and \$140,000 for the 3% to those not eligible for increments. Out of the existing, mature work force there would be 132 out of an estimated 216 teachers who will not receive an increment. (See District Exhibit 4)

The District then introduced a series of exhibits that showed the share of school expenditures for teachers salaries and fringes for the period from 1979 - 1980 as compared with total school expenditures. The variation during those years fluctuated from 55% (high) to 51.7% (low) to 54% in 1981 - 1982 and 1982 - 1983. (District Exhibit 10a) It suggested that the Association's proposals would move this percentage to 64.8% for 1983 - 1984 and 59.1% in 1984 - 1985. The next exhibit, District Exhibit 10b, only compared teachers salaries as a percentage of the total school budget and showed a much more moderate pattern for the period 1974 - 1975 through 1978 - 1979 with a low of 50.4% in 1976 - 1977 to a high of 51.9% in 1977 - 1978.

Fringe benefits have increased with the major increases being attributed to health insurance. It is common knowledge that health costs have outstripped the consumer price index for some time. This negotiated benefit is a real benefit to the employee but he is insulated from the direct impact of increases which the employer is required to pay. The District also made the point that the Consumer Price Index is somewhat distorted when applied to the members of the Association since housing costs are a substantial part of the CPI and also the members receive a much higher income than the average consumer to whom the marketbasket of prices reflected in the index addresses.

Even viewing the CPI over the 10 year period from 1974

through 1983, if the Masters maximum is used as a comparison, then the salary adjustments received by a Association member outstripped the CPI. The Association made the point that there was no Master's degree teacher at maximum in 1974 since the District had only been created in 1968 so this was a theoretical construct and not an actual employee. (District Exhibit 16)

The Board's analysis emphasized the role of the increment as an amount ranging from 5% to 8%. However, the scattergram prepared by the Board would seem to minimize the impact of the increments since more than 130 teachers did not receive an increment last year and would not be eligible for one this year. The point was also made that any salary adjustments made in the past have been across the board and within each step of the salary schedule.

Other exhibits related to the narrow variance between the District's budgeted revenue and actual revenue (District Exhibit 13), and an Attorney General's opinion, No. 4673 of 1971 holding that a school board may not adopt a deficit budget or operate at a deficit. (District Exhibit 12).

DISCUSSION

Both the Association and the District made very good presentations. The Association emphasized relative standing in the educational community represented by the comparable districts with MEA membership. It is undeniable that the District has lost ground in relation to these other districts. However, in a Fact Finding hearing of short duration it is not possible to introduce or consider all of the factors involved in these other districts. This District has lost enrollment, has had a loss of State Equalized Valuation (SEV), and has found itself in a position where it had to take a number of steps to avoid deficits. It has moved from a position of adequate funds to one of stringency.

The District emphasized the need to keep faith with the voters who approved the extra millage, to restore some of the educational and support services which had been reduced, to maintain some reasonable proportion between the budget for teachers salaries and fringes and the total educational budget. It was the District's position that educational policy decisions made by the Board would maintain this relationship and still properly recognize the teachers salary and fringe benefit needs.

Although a proposed budget has been drawn up to reflect the resource allocations the Board's priorities require, there is no reason to believe that all flexibility has been removed by the proposed budget. Even the District's representatives acknowledged that the Board's proposal would cost \$258,000 which was not included in the proposed budget. It is unusual to consider the increments reflected in the existing contract's salary schedule should be given separate recognition as a salary increase when in general it is an acknowledgement of service experience.

Most of the senior staff - more than 130 - received nothing last year either in increments or salary. This year the Board would recognize that by providing 3% to that group.

I believe that the past history of the contracts between the parties should be persuasive in making adjustments and that any adjustment made should be across the board and apply to each step in the salary schedule.

I believe that recognition should be given to the fact that nothing was received by the Association members in salary adjustment for the last year (1983 - 1984) and that an across the board amount of 2% should be made for that period. In addition, for 1984 - 1985 an across the board adjustment in the salary schedule of 4% should be made for the Association members.

These recommended salary adjustments are greater than the Board has indicated a willingness to pay and considerably less than the Association proposal. I have not sought to cut the baby in half. I have sought to make a reasonable proposal that can be used as the basis for settling a difficult contractual dispute. The parties left the wage reopener in the contract because they knew there would be the need to deal with this issue at some time in the future. That time is now. The Board has the ability to look very closely at its budget, defer some projects, limit others.

I fervently urge the parties to examine this Fact Finder's opinion and recommendations with a mutual spirit of compromise. There was no dispute across the table about the educational mission of the District. The interests of the students are paramount and should be kept in the fore at all times. The Association has said it would work with the District's administrative staff in a cooperative spirit to try to identify areas where savings might be made without impinging on the mission of the District and the responsibilities of the Board.

I am grateful to the parties for the excellence of the material prepared to assist me in my task and for their patience in responding to my questions.

Respectfully submitted,

Richard Strichartz
Richard Strichartz

September 16, 1984