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STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

LAKE SUPERIOR STATE UNIVERSITY

-and- **MERC CASE NO. L05 A-5036**

MICHIGAN EDUCATION ASSOCIATION

FACT FINDER'S REPORT AND RECOMMENDATIONS

APPEARANCES:

UNION: LYLE PAINTER, ASSOCIATION REPRESENTATIVE

EMPLOYER: ROBERT M. VERCRUYSSE, ATTORNEY

PETITION DATA:

PETITION FILED:	JUNE 9, 2005
EXHIBITS SUBMITTED:	NOVEMBER 3, 2005
RECOMMENDATION DATE:	JANUARY 9, 2006

FACT FINDER RECOMMENDATION: THE FOLLOWING IS RECOMMENDED:

Student Credit Hour Overloads – *Status quo* be maintained.

Absences Chargeable to Sick Leave – Sick Leave may be utilized for the confining illness of a same sex partner.

Compensation For Supplemental Appointments – The University proposed cap of $1,350 is recommended.

Travel Expense Compensation – It is recommended that Travel Expense Compensation be in accordance with University Policy.

Compensation For Travel Time – The University proposal to delete the per mile compensation is recommended.

Tuition Reimbursement – I recommend the *status quo*.

Sabbatical Leaves – A one year moratorium – 2006/2007 – and elimination of unused Sabbatical Leaves is recommended.

Retirement – The *status quo* is recommended.

Health Insurance – It is recommended that the Community Blue PPO be adopted with an employee 10% premium co-pay. It is also recommended that the remaining co-pay amounts be the same as the Administrative Professionals. A Stop Loss Policy is recommended.

Salaries – It is recommended that a lump sum payment of 1.5% of Base Salary be paid on December 1, 2006.

Duration of Agreement – An Agreement with an expiration date of August 31, 2007 is recommended.

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INTRODUCTION

The University filed a Petition for Fact Finding on June 9, 2005. A Hearing was held on November 3, 2005. I commend both Advocates for being well prepared and for the excellent presentation of the views of their respective clients in this difficult case. I have given careful consideration to all of the evidence and arguments submitted by the Parties, even though the Opinion herein may not specifically reference each and every one of the above.

This dispute is made difficult by factors beyond the control of the Parties herein. The Employer provided evidence that its Appropriation Per Full Time Student has declined while its Tuition and Revenue Per Full time Student has increased – the latter means students bear a greater cost burden. It is also a fact that non-discretionary costs have been rising. LSSU has had a negative Fund Balance since 2001 – for fiscal year 2005, the Fund Balance was a negative $1.1 million. The University has reduced staffing, however, the faculty has been the least affected by those reductions. Despite the staffing reductions, the cost of fringe benefits has been rising and,

in particular, the cost of health insurance has risen markedly.

The Association stresses it did not receive a wage increase for 2004-2005 and 2005-2006 and it does not seek any retroactive increase. While it does not dispute that health costs have increased, it stresses that the Administrative Professionals pay 10% of the premium cost of their PPO health program. The Association has argued that a dollar cap on any co-pay is necessary because the Employer is self-insured, which raises the possibility of an extraordinary cost increase to the faculty. With reference to the matter of state funding, it is noted that all universities in the State of Michigan are confronted with the same issues as those facing LSSU.

It is against the above backdrop that the issues in dispute must be considered.

ISSUES

Student Credit Hour Overloads

The Employer seeks to eliminate overload compensation for faculty who have an assigned teaching load – $410 for more than 1,160 student credit hours and $525 if more than 1,500 student credit hours. It is conceded the above is not a high cost item and it has been in existence "since the beginning."

The Association wants the *status quo*.

Your Fact Finder agrees with the Association on this issue. The current language gives recognition that those with a larger class size are entitled to greater remuneration. Presumably, a larger class size does result in more work.

Absences Chargeable to Sick Leave

The Employer wants the current language retained. The Association seeks to add same sex domestic partners to the list for which sick leave may be utilized for a confining illness or

injury.

A majority of universities in the State cover Same Sex Domestic Partners. I am persuaded that the Association Proposal has merit so long as it is deemed permissible under State law.

Compensation For Supplemental Appointments

The point in contention on this issue relates to the summer semester rate "of .0225 times that faculty member's yearly base salary times the contract hours for the assignment." The University seeks a cap on the above so that the contract hour rate does not exceed $1,350. The above cap is equivalent to a $60,000 salary so that those faculty whose salary exceeds $60,000 would receive less than is currently provided. Vice President Harger explained that this issue affects the University's ability to offer summer classes. A higher salary impacts the break-even point for summer class offerings. He also noted the University has not proposed to change the existing arrangement whereby adjunct instructors are not hired so long as regular faculty are willing to do the work.

I conclude the University proposal should be adopted. The proposal will enhance the ability to offer summer classes.

Travel Expense Compensation

The University proposal specifies that items such as mileage, lodging and meals are reimbursed in accordance with University Policy.

I recommend the University Proposal be adopted.

Compensation For Travel Time

The current provision provides for compensation at $.20 per mile for travel of more than

25 miles one way. The Employer wants the provision deleted because those faculty who teach in Petoskey and Escanaba receive a percentage increment.

Given that those who teach in Petoskey or Escanaba receive extra remuneration – 20% and 30% respectively – I conclude that travel time is already compensated. I recommend the University proposal.

Tuition Reimbursement

The current Agreement indicates that designated individuals pay 50% "of their tuition costs and enrollment fees ...." The Association wants the above reduced to 25%.

Given the University's current financial situation, I find the University's proposal to have merit.

Sabbatical Leaves

The Agreement currently provides "the University shall grant a total of up to four semesters of sabbatical leave at full pay." Vice President Harger explained that the University has a carryover of three sabbaticals plus four for the current year. The Employer proposes a moratorium relative to the above seven sabbaticals. LSSU would again award sabbaticals next year.

The estimated cost savings of the above is about $210,000.

I recommend the University proposal be adopted. The moratorium will result in a delay of sabbaticals being granted. The University should be mindful that this is a significant cost savings which is uniquely available only from the faculty unit.

Retirement

The issue here relates to the University contribution for those enrolled in the TIAA-CREF

program. LSSU currently contributes "12% of the faculty member's gross annual earnings ...."

The Union proposes:

> "Effective August 15, 2006 the TIAA-CREF contribution shall be increased to fourteen percent (14%)."

The Association established that those Unit employees in the Michigan Public School Employees Retirement System have a contribution in excess of 14%. The Employer says the "Union proposal increases costs, on average, $1,200 per faculty members."

Your Fact Finder is not persuaded that an increase in retirement contribution should be adopted at this time. The newer faculty belong to the TIAA-CREF Program so their retirement is farther in the future. It is hoped the State financial condition will improve with the result that, in the future, the University will be better able to address this item.

Health Insurance

The University proposes that the Community Blue PPO replace the traditional Blue Cross/Blue Shield Health Plan with LSSU paying 80% of the health insurance cost. In addition, the University has proposed co-pays for doctor office visits, emergency room visits, drug prescriptions, etc.

The Association very reluctantly agrees to the Community Blue PPO. It proposes that, effective August 15, 2006, "each bargaining unit member shall be responsible for 10% of the total cost, not to exceed $50 per contract per month." The co-pays proposed by the Association are lesser than those proposed by the University.

The Blue Cross/Blue Shield Traditional Plan Premiums are as follows:

Single	Two Person	Family
$430	$949	$1,119

The Community Blue PPO amounts are displayed:

	Health	Dental	Vision	Total
Single	$299	$21	$ 5	$326
2-person	$663	$48	$11	$722
Family	$785	$57	$14	$855

It is obvious that the Employer will realize a substantial savings with the adoption of the Community PPO Plan, even without any premium payment by Unit employees.

Given the above, I conclude that a 10% co-pay of premiums is a reasonable resolution of that issue. I also recommend that the remaining co-pay amounts be the same as are currently being paid by the Administrative Professionals.

It appears the University has purchased a Stop Loss Policy but, if that is not the case, your Fact Finder agrees with the Association that a Stop Loss Policy should be purchased by the University.

Salaries

The University seeks to delete the existing language which provided the Faculty with a 4% increase in the 2002/2003 and 2003/2004 years. It proposes no increase for the duration of the Agreement – September 1, 2004 through August 31, 2007.

The Association proposes no retroactive salary increase, but it requests the existing formula to become effective again on August 15, 2006 so that Unit employees would receive a minimum increase of 2.5% and a maximum improvement of 4.0%.

I am satisfied the University is confronted with a real financial problem. By the same token, Unit employees are facing an environment of increasing costs – most notably that of energy.

I recommend a lump sum payment of 1.5% of Base Salary be paid to each Faculty member based on their 2005-2006 base salary. The payment, payable on December 1, 2006, is in lieu of any salary increase by virtue of the formula in the expired Agreement. Since the payment is not an increase in base compensation, it will not impact the cost of fringe benefits.

I recognize this is a burden on the University. The earlier Recommendations, however, will result in a substantial reduction of costs associated with this Unit. On the other hand, the adverse impact on Unit employees by the earlier Recommendations will be somewhat alleviated by the one herein.

Duration of Agreement

The University proposes a three year Agreement – September 1, 2004 through August 31, 2007 – on the basis that uncertainties make a longer contract "imprudent." The Association notes that almost a year and one-half has passed since the expired Agreement. It reasons that a contract through August 31, 2009 would free both sides from the obligation to re-enter negotiations in the near future.

I am persuaded that an Agreement with an expiration date of August 31, 2007 is reasonable and, therefore, the Employer proposal is recommended.

RECOMMENDATIONS

Student Credit Hour Overloads – *Status quo* be maintained.

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JOSEPH P. GIROLAMO
Fact Finder

Dated: January 9, 2006