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State of Michigan
Employment Relations Commission

In re Fact Finding:

Ironwood Area Schools
Respondent
-and-
Michigan Education Association
Petitioner

MERC Fact Finding
Case No. L05 B-5010

Fact Finder: James A. Mackraz

Chronology

Petition filed:	June 23, 2005
Fact Finder appointed	October 11
Prehearing (phone)	October 26
Hearing dates scheduled	December 15-16
Hearings postponed	November 10
Hearings re-scheduled (for Jan. 19)	November 23
Jan. 19 hearing cancelled	November 30
Mediated bargaining resumes	
January 3. Bargaining unavailing, parties return to the fact finding process.	
Initial exhibits received	January 10, 2006
Rebuttal exhibits received	January 16
Briefs received	February 8
Rebuttal briefs received	February 21
Phone conference	February 24
Fact Finding Report submitted	March 8

Background

The Ironwood Area School District ("Employer") is located in Ironwood, Michigan, in the state's Upper Peninsular. The school system has an enrollment of about 1100 pupils, with a bargaining unit of 62 teachers. The parties are working under the terms of two separate agreements that took effect July 1, 2000, one for the teachers, one for the support staff. With interim extensions, both carried the same expiration date, June 30, 2005. The Support Staff Agreement covers teacher aides, clericals, custodians, bus drivers, etc. Its bargaining unit numbers about 40.

Negotiations for replacement agreements started in February 2005. Mediation entered in May. These efforts failing, the Association ("Assn.") on June 23 filed a Petition for Fact Finding applicable to both contracts, the teachers' and the support staff's. On October 11 the Michigan Employment Relations Commission appointed the Fact Finder. A return to mediation occurred on two occasions during the process, the first on recommendation of the Fact Finder and the second on initiative of the parties. On December 21, all issues pertaining to the Support Staff Agreement having been resolved in the course of the second mediation cycle, the Assn. withdrew its petition, insofar as it related to that agreement. The Teacher Agreement thus became the sole matter of contention in the mediation process. Although measurable progress was realized, full resolution proved unavailing. At the end of their bargaining efforts, the parties returned to the fact finding procedure. They agreed to forego hearings, stipulating instead to making their respective cases through the submission of exhibits and briefs.

The Issues

With the submission of its petition in June 2005, the Assn. listed all the unresolved issues, 17 raised by the Assn. and 26 attributable to Employer. On August 15 the Assn. withdrew all its proposed contract changes except for those concerning salaries and health insurance. In the course of mediation, the salary issue was resolved, leaving health insurance as the only open economic issue. Aside from this, Employer's

February 21 Rebuttal Brief identified the following unresolved non-economic issues, all raised by Employer, all peculiar to the teaching profession:

1. Workday.
2. Preparation time.
3. Parent-teacher conferences.
4. Teacher meetings.
5. Middle school schedule.
6. Secondary class periods.
7. Counselor/librarian preparation time.
8. Teacher qualifications.
9. Lesson plans.
10. Elementary break periods.
11. Special teachers.
12. Compensation for overload classes.
13. Extra duty assignments.
14. Compensation for added professional development.
15. Course preparation.
16. Compensation for overload count.

Positions of the Parties

As indicated above, the parties work under separate agreements for the teachers and for the support staff. The contributory health insurance provisions are quite similar. In the December mediation, settlement of all issues was reached for the Support staff.

Support Staff settlement, relevant economic issues.

> 1. Salaries. 0% for the 2005-2006 school year. Salary for the 2006-07 year will be determined in a negotiations session to take place in November 2006, following the initial Financial Status Report for the District and following completion of the audit.
>
> 2. Health Insurance. Change MESSA[1] Plan from its Supercare I to its Choices 2.
>
> > (a) [Employer] contributes $975 per month toward the monthly premium.
> >
> > (b). Employee contributes $95. Upcoming premium increase in June 2006 will be assumed by the employee.

[1] MESSA: Michigan Educational Support Services Association

(c) In November 2006 the parties will negotiate any changes in this co-pay, based on changes in State aid and the District audit. Negotiations on both premium co-pay and salaries will proceed concurrently.

(d). Provision for existing cash payments in lieu of health insurance coverage ("cash-in-lieu") is suspended.

The Teacher Agreement bargaining positions, economic issues.

a. Salaries. As agreed, salaries are frozen for the 2005-2006 school year.

b. Health Insurance.

(1). The Assn. position.

(a). Change Plans, from MESSA's Super Care I to its Choices 2, effective March 1, 2006.

(b). Employee premium contribution: 10%; Employer's, 90%.

(c). Suspend cash-in-lieu provision.

(2) The Employer position.

(a). Monthly premium Employer contribution per employee: $900 per month , maximum.

(b) Premium in excess of $900 to be paid by employee.

(c) Employees designate the insurance carrier and plan.

Discussion

Throughout the fact-finding process, Employer's thrust has been concentrated almost exclusively on the two economic issues, salary and health insurance.

Its Initial Exhibits (January 5) contains 47 items. All deal with school finances. None deals with any non-economic issue.

In its Rebuttal Exhibits (January 20), Parts B, C, D, and E challenge Assn. arguments relating to the cost of health insurance. (Part A consists of the existing Agreement, edited to display all Employer-proposed changes.)

Employer's Brief (February 7) consists of 19 pages. The first 15 deal with financial problems attendant upon the Assn.'s economic proposals. The last 4 pages contain Employer's arguments in support of its non-economic proposals.

Only in its Rebuttal brief (February 17) is detailed argument made in support of its proposals aimed at changing or deleting existing contract language. That Brief devotes 15 pages and 3 exhibits to language changes, with 6 pages given over to health insurance.

This foregoing clearly indicates that Employer's overriding objective in these proceedings was to negotiate a new Agreement consistent with its adverse financial condition, resulting in only secondary attention being given to its non-economic proposals.

Both sides agree to the adoption of MESSA's Choices 2 Plan. In the Support Staff Agreement, Employer's monthly contribution is $975 and the employee's, $95. In these Teacher negotiations, where the total premium is $1237, the Assn. proposes that the employee pay 10%, or $123.70, with $1113 as the Employer contribution. The Employer position is that its contribution will be limited to $900. Insurance carrier and benefits would be selected by the Assn.

<u>Internal Comparables.</u> The Support Staff accord is of no small moment in these negotiations. However different may have been the circumstances in that case, the parties agreed to a premium payment provision whereby Employer contributes more than it is offering the Teachers here, $975 vs. $900.

Where employees in the same plant are covered by more than one collective bargaining agreement, it is axiomatic that a settlement negotiated for one set of employees can have a strong effect upon the dynamics at play among the others. Where established relationships between the bargaining units, particularly in the compensation area, are significantly altered, the stability of the employer-employee relationship is placed at risk.

External Comparables. Similarly, such relationships among similarly situated employees in comparable plants or communities carry their own significance in collective bargaining. Employer Exhibit 33B lists premium payment provisions for 25 Upper Peninsular School Districts. Of these 25, one, Eastern Upper Peninsular, provides a cap on the employer's contribution--$1125 per month. At present, this incurs a monthly cost to employees of $134 and $234 for two-person and full-family coverages, respectively, with no contribution required of single employees.

One, Sault Ste. Marie, is a hybrid of sorts. At present, the employer pays all but a $56 monthly employee contribution. But its contribution will be capped when the total premium has increased by 14.5%.

In nine districts, employers pay the full shot, 100%.

In the remaining fifteen districts, premium costs are shared, with employers' contributions, expressed as a percentage of total premiums, ranging from 85% to 91.1%; or as full payment after a specified employee contribution, ranging from $52 to $80.

Considering the Upper Peninsular insurance provisions in their entirety, neither the Staff Support Agreement nor the Assn.'s proposal is out of line.

Employer Ability to Pay. Overshadowing the importance of these internal and external relationships is Employer's financial condition. If an employer cannot afford a settlement that would preserve a satisfactory relationship with its employees, the generally recognized compensation standards may not be applicable -- a blood-from-the-turnip situation – despite the predictably negative effect upon that relationship.

Employer's exhibits and argument have made an impressive case for its adverse financial condition. They make understandable Employer's sensitivity to the economic issues.

It is in this connection that the settlement of the Support Staff Agreement must be considered. Even in the face of its adverse financial conditions, Employer agreed to contribute $975 per month toward an insurance premium of $1070. In this light, Employer's claim in these negotiations, that extreme financial straits limit its flexibility to a $900 contribution, cannot be taken as conclusive.

Consistent with the foregoing, the Fact Finder will recommend that the health insurance issue be resolved by tracking the support staff settlement.

Employer's Non-economic Proposals

.From the beginning, I was convinced that something was awry in the parties' relationship, given the unusually large number of contract language issues presented for resolution—and the staying power of these proposals. This is not common in even the most difficult negotiations. I attribute this multi-issue problem to the parties' unusually high priority concerns over the economic problems pressing upon them.

The teachers have agreed replicate the Support Staff settlement on the salary issue. With the Fact Finder recommending that the teachers track that settlement for the insurance resolution, a serious look must be given to the non-economic matters that still remain on the table.

In my judgment, the prospects for resolution by way of further bargaining, either bilaterally or with mediation--or even further fact-finding-- are not promising. All signs point to the "been there done that" syndrome. Nor would a solution be found in this Fact Finder's recommendations, should he offer them. With his limited knowledge of the teaching profession, it would be presumptuous of him to recommend "solutions" to any or all of these 16 unresolved language issues. Such action would likely serve neither the parties' interests nor that of the public. Nor, needless to say, would such interests be served by leaving this plethora of issues lying there, festering and unresolved.

I will recommend withdrawal of these proposals.

Of course, such withdrawal will not solve the underlying problem. However unlikely, it is still possible that an answer can be found in further bilateral negotiations. Failing that, however, one may take note of the Agreement's Article XXV, School Improvement/Site-Based Decision Making, a problem-solving procedure that enlists the joint efforts of both teachers and administrators in addressing some problems of mutual interest. I appreciate that this Article is designed for problems of a different nature than exist here. But the principal of jointly discussing a problem without the tensions of the bargaining table has proven generally useful in collective bargaining; outstandingly so in some. Such a program would be separate and apart from the return to the bargaining table in November 2006, in connection with salaries and insurance premium payments. Mutually agreeable results, if any, may or may not be included as part of a subsequent contract settlement.

I recommend that the parties seriously consider such a program.

Fact Finder Recommendations

Insurance

1. Adopt the MESSA Choices 2 Plan.

2. Suspend cash-in-lieu payment.

3. Monthly Premiums:
   a. Employer contributes $975 per month.
   b. Employee contributes balance; and also assumes the cost of the premium increase expected in June 2006.

4. Assn. to have the right, unilaterally, to change insurance program or benefits.

5. Return to the table in November 2006 to bargain about salaries and Employer premium co-payment, "following the initial Financial Status Report for the District and following completion of the audit" (as in Staff Support Agreement Article 23F).

Employer Language Proposals: Withdraw.

James A. Mackraz
Fact Finder

March 8, 2006