

**STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION**

BEDFORD EDUCATION ASSOCIATION, MEA,
Petitioner,

-and-

No. L11 B-1007

BEDFORD PUBLIC SCHOOLS,
Respondent.

FACT FINDING REPORT AND RECOMMENDATION

Appearances:

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REPORT

A Fact Finding hearing was held on January 31, 2012. Testifying for the MEA were Brad Gibson, the Uniserv Director and Ruth Beier, MEA Economist. Testifying for the District were John Kava, Labor Attorney ; Jamie Cowan, CPA, Plante & Moran and Ted Magrum, Superintendent. Post-hearing briefs were submitted.

The Fact Finding Petition was filed by the Bedford Education Association on May 27, 2011. The District responded and filed its own Petition on July 22, 2011. The undersigned was appointed Fact Finder on August 31, 2011. The parties have agreed to fact find for the 2011-2012 and the 2012-2013 fiscal years.

The issues, and respective positions of the parties are summarized in Association Exhibit 5 as follows:

Health Care–Current–MESSA Choices II, \$200/\$400 deductible, \$10/\$20 drug care, \$10 office visit.

Union–MESSA Choices II, \$300/\$600 deductible(\$200/\$400 reimbursement), Prescription RX Saver, \$20 Office Visit, Pak B–Current Contract Language.

Proposal for both 2011-2012 and 2012 fiscal years. Changes in effect within 30 days of ratification by both parties. Option of entering countywide health care consortium should one be established.

District–MESSA Choices II, \$500/\$1,000 deductible(\$200/\$400 reimbursement 2011-2012 only). Prescription Rx Saver, \$20 office visit.

Differences–Deductibles and reimbursement

Premium Sharing:

Union–20% of health care premium only premium for both 2011-2012 and 2012 school years beginning after ratification.

District–20% health care premium sharing for 2011-2012 starting after ratification, state imposed hard cap for 2012-2013 school year.

Differences–Hard cap v. 20% in 2012-2013

Salary Schedule:

Union–The Association has offered on “furlough” day and one day fewer report day from the calendar that equates to roughly a 1% wage reduction for both the 2011-2102 and 2012-2013 school years. The Association proposes that those days sunset at the end of the 2012-2013 school year.

District–The District wants a 2% wage reduction via four furlough - inclement weather days.

Differences–Four non-work days v. two each year. Also, an issue if the days will be non-school days or furlough days. Also an issue if the furlough days have to be used during inclement weather days.

Steps:

Union–Willing to freeze steps in 2011-2012. One step advancement for 2012-2013.

District–Freeze Steps both 2011-2012 and 2012 and 2013 school years.

Difference–Freezing or advancing steps in 2012-2013.

Lanes (Credit for degree/education advancement):

Union–Advance and pay lanes both years

District–Advance and pay lanes for both years, but not until contract is ratified.

Difference–paying lanes during period until successor agreement is reached. Subject to ULP.

Ruth Beier, the MEA economist, testified that the MEA unit represents 60% of the budget. She therefore believes that the unit's concessions should be proportional. Ms. Beier further contends that general funds have been used for capital fund projects. She adds that a change back to semesters, rather than the current trimesters, could save the District money, and that the Association is willing to make the change. The economist also contends that the District has consistently overestimated the size of the deficit.

Mr. Kava, on behalf of the District, indicated that the District needs 7.5 percent in concessions over two years to balance the budget, and that the Associations' offer is inadequate. He further stated that the trend is towards a decline in student enrollment, and that expenses need to be cut.

Jamie Cowan, the District's accountant, said that the District has lost federal dollars and that student enrollment is decreasing, causing a loss in State dollars. She maintains that the general fund is in a deficit, when there should be a 10-20% fund surplus, for rainy day needs.

The accountant said that other groups in the District have been asked to sacrifice 7.5%, and that the variance in budget forecasting is not great and is within the norm. Ms. Cowan states that the BEA is responsible for 70% of personnel expenditures within the District, and that other comparable school districts not only do not have deficits, but have fund surpluses.

The BEA recognizes the financial problems of the District, but ask that it only be required to contribute its fair share to ameliorate the crisis. It contends that the District has made a budget error averaging \$1,359,108 since the 2005-2006 school year, and that this error has always been in the District's favor. The Association also notes that the retirement of 8 teachers will save the District considerable money that it has not accounted for, even if the teachers are replaced.

The 7.5 % requested sacrifice for BEA members is argued to be disproportional in comparison with administrators and other units. The District, it is argued, has also used general fund money for capital projects, instead of for the proper objects of general fund monies. The Association contends that we are at the bottom the economic recession, and that going forward, there should be more state money for schools.

The District avers that the difference in positions between the parties represents 7.5% vs. 5.3% or \$1,136,535. It is emphasized that because of its deficit, the state has mandated a deficit elimination plan. The District contends that only its plan will meet the state requirements. The District notes that it will be operating with a \$2,116,835 deficit at the end of the 2011-2012 fiscal year. It further points out that it is experiencing a decline in student enrollment, which will cause it to lose state aid, while its expenditures have remained constant.

The District contends that the BEA represents 71.4% of personnel costs. It maintains that it has closed an elementary school building to save costs, and that it has suggested moving from a trimester to a semester system, among other proposals.

The District asserts that even with a 2% reduction in salary, the BEA will be among the highest paid group of teachers in the Monroe area. The District also notes that its budget projections fall within the 2% error rate, which is the norm. The District contends that it must act because of the financial crisis it faces.

RECOMMENDATION

Certainly, no one wants an Emergency Financial Manager appointed for the District, and therefore, the deficit elimination plan must be successful to avoid one. The Association agrees that concessions are required. However, in achieving cost savings, an appropriate balance must be made in regard to the give-backs required for the teachers. Clearly, it is not in the interest of the District or the students to have teacher morale undermined. With this understanding, I will make recommendations on each issue, with a view to the overall impact of the proposed concessions, and with the hope that the recommendations will facilitate a settlement.

Issue I: Health Care

Since the Fact Finding hearing, MESSA has rolled out a high deductible ABC plan. This could meet the needs of the District to save costs, while protecting teachers against the need to pay out money when they are not using health care. I would recommend that this plan be considered as an alternative to the offered plans at the hearing. Absent acceptance, my recommendation at this point favors the District's proposal, based upon the need to meet the requirements of the deficit elimination plan mandated by the state.

Issue II: Premium Sharing

I would support the Hard Cap in the second year as a means of meeting the requirements of the deficit elimination plan. This coupled with the savings in the Health Care Plan, should provide the District with considerable cost savings. There should not be any premium share retroactive for the 2011-2012 school year.

Issue III: Salary Schedule

The Association and the District are 1% apart, which represents four unpaid days vs. two. My recommendation is that two unpaid inclement weather days be scheduled for the 2012-2013 school year. There is no point in scheduling these days for the current school year, insofar as the year will either be close to being over, or completed at the time that a contract is completed.

Regarding the other two furlough days sought by the District, my suggestion is that they be held in abeyance until more financial data for the 2012-2013 school year becomes available. If the District is able to save sufficient money by not replacing certain retiring teachers or through other means, and/or if the budget estimates prove to be overly pessimistic, then the District will not need to utilize either one or both of the additional furlough days. If, however, enrollment continues to erode, and two furlough days will be insufficient, then the District can add one or both of the additional furlough days.

The District should have a better idea of its financial situation in the winter of 2013, after the student count and after a decision has been made on state funding. Further, the plan of holding up to two furlough days in abeyance, should meet the needs of the deficit reduction plan.

Steps:

The Association agrees to freeze steps in the current 2011-2012 school year; however, it wants an advancement in the next school year. The District asks for a freeze in both years. The rationale used for the salary schedule should also be applied here.

A freeze of steps for 2012-2013 should be scheduled in order to potentially save the District \$200,000. If, however, the District's financial situation improves more than anticipated in the winter, after the pupil count, state aid, and savings through other cuts, then the step advancement could be reinstated.

Lanes

This issue is currently the subject of a ULP, which will determine the result. The District believes that it is legally barred from advancing on the lanes at this time. Since my recommendation will not determine the result of the ULP, it is not appropriate for me to make one.

Summary

To avoid an EMF, the District must offer a budget that takes the District out of debt. The above approach allows the District to do so, while allowing for less drastic measures, should there be an improving economic situation.

April 18, 2012

/S/ Mark J. Glazer

Mark J. Glazer, Fact Finder

