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In the Matter of the Fact-Finding between
DEARBORN HEIGHTS #7 BOARD OF EDUCATION

-and-

DEARBORN HEIGHTS #7 EDUCATION ASSOCIATION

E. J. Forsythe 3-10-77

This Fact-Finding Report was authorized under the provisions of Section 25 of Act 176 of Public Acts of 1939, as amended, and the Michigan Employment Relations Commission's Regulations therein. The undersigned Fact-Finder was authorized to issue a report with recommendations regarding the matters of disagreement between Board of Education of Dearborn Heights School District #7 and the Dearborn Heights #7 Education Association. A hearing was held in Dearborn Heights, Michigan, on February 18, 1977.

APPEARANCES

For the Education Association

Kenneth Gabel, MEA Executive Director
George R. Trudell, MEA Uniserv Director
Louis Guido, President, Dearborn Heights #7
Association
John D. Little, Chief Negotiator
Colin Custer, Secretary
Bill Nickel, Negotiator
Frank Ingle, Negotiator
Jeanne Rigge, Negotiator

Dearborn Heights School District

For the Board of Education

Gerald O. Steube, Superintendent
Angelo Batsakes, Deputy Superintendent
Edward McLean, Business Manager

BACKGROUND AND POSITION OF THE PARTIES

The Board of Education and the Association are operating under the 1974-1976 Agreement from day-to-day. The increment as shown in the salary schedule of the 1974-1976 Agreement is presently being paid by the Board of Education.

The parties stipulated to a three (3) year contract from September 1, 1976, to August 31, 1979. It was indicated that the School Calendar; traditionally, has been no problem in this District.

The parties in fact, due to their efforts in the best interest of collective bargaining, have completed the Agreement except for two (2) items: ARTICLE XXVI -- Insurance Protection, and SCHEDULE B -- Salary Schedule.

Each of the parties has documented its position in these matters very carefully. Evidence through documents and direct testimony was presented to the Fact-Finder at the hearing.

SCHEDULE B -- SALARY SCHEDULE

The Association proposals are as follows:

Salary Schedule - 1976-77

The steps of the 1976-77 salary schedules shall be determined by increasing each step of the 1975-76 salary schedules by 4.5%.

The Board shall institute the non-contributory retirement program, that is, assume the teachers' contribution to the Michigan Public School Employees' Retirement System effective January 24, 1977. (2.5% of salary).

Salary Schedule - 1977-78

The steps of the 1977-78 salary schedules shall be determined by increasing each step of the 1976-77 salary schedules by a cost-of-living adjustment.

The cost-of-living adjustment shall be that percentage (rounded to the nearest one-tenth of one percent) by which the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers in the Detroit Metropolitan area as determined by the Bureau of Labor and Statistics of the U. S. Department of Labor for the month of June, 1977 exceeds that index for the month of June, 1976.

The cost-of-living adjustment for 1977-78 shall not be less than 4% or greater than 7%.

Salary Schedule - 1978-79

The steps of the 1978-79 salary schedules shall be determined by increasing each step of the 1977-78 salary schedules by a 3% improvement factor. The resultant schedules shall then be increased by a cost-of-living adjustment. (See language for 1977-78 adjustment.)

The cost-of-living adjustment for 1978-79 shall not be less than 7% or greater than 9%.

The Association introduced as an Exhibit Districts in Wayne County that negotiated the Concept of Improvement Factor plus Cost-of-Living in 1974-76 Contracts.

<u>DISTRICT</u>	<u>1975-76</u>
Allen Park	2.0% + COL
Dearborn Heights #7	2.5% + COL
Gibraltar	3.0% + COL
Plymouth	2.0% + COL
Redford Union	2.0% + COL
River Rouge	2.5% + COL
Riverview	3.0% + COL
South Redford	2.0% + COL
Van Buren	2.5% + COL
Wayne-Westland	2.0% + COL
Woodhaven	2.9% + COL

In some detail, the Association cited the Gibraltar and Wayne-Westland Settlements which the Association says are the only settlements among Wayne County Districts that negotiated improvement factor plus cost-of-living concept in the 1976-1979 Contracts.

Gibraltar: (9/1/76 - 8/31/79)

1976-77: 2.5% Non-Contributory Retirement (NCR) (NCR instituted January 21, 1977) plus 3.5% salary increase.

1977-78: 2.5% NCR plus Cost of Living Allowance (percentage increase in Detroit Consumer Price Index over one year period with guaranteed minimum 5% and maximum 7%).

1978-79: 3% plus Cost of Living Allowance (percentage increase in Detroit Consumer Price Index over one year period with guaranteed 5% and maximum 7%).

Wayne-Westland: (9/6/76 - 9/3/79)

1976-77: 2.5% Non-Contributory Retirement

(NCR) (NCR instituted January 24, 1977) plus 3% salary increase.

1977-78: 2.5% NCR plus Cost of Living Allowance (percentage increase in Detroit Consumer Price Index over one year period with guaranteed minimum 5% and maximum 7%).

1978-79: 2.5% plus Cost of Living Allowance (percentage increase in Detroit Consumer Price Index over one year period with guaranteed minimum 6% and maximum 9%).

The last wage offer of the Board of Education reads as follows:

10-13-76

Salary
76-77 NCR (5%)

77-78 COLA (4%-6%)

78-79 To be negotiated

For 1976-77 year only, the B.A. base will be \$10,400.

Rest of language will be the same as previous Board Contracts.

The Board submitted data representing the salary schedules priced out to determine cost over the proposed contract period of three (3) years. The Board submits that the 1975-76 salary schedule, which it says is its starting point, appears as a total cost of Three Million, Two Hundred Ninety Nine Thousand, Nine Hundred Twenty Two Dollars (\$3,299,922.00). The 1976-77 and 1977-78 salary schedules were priced out to determine the total actual costs to District No. 7 by using maximums in the case of C.O.L.A. formulas.

In its tables, the Board says the amount which represents the share of Employer-paid retirement was calculated and included within the salary schedules in order to continue a consistency for comparison and payout purposes. It says the 1976-77 proposal would cost an additional Two Hundred Sixty Four Thousand, One Hundred Ninety Two Dollars (\$264,192.00) over 1975-76, for a total cost of Three Million, Five Hundred Sixty Four Thousand, One Hundred Fourteen Dollars (\$3,564,114.00). It says the 1977-78 proposal would cost an additional Three Hundred Six Thousand, One Hundred Ninety Seven Dollars (\$306,197.00) over 1976-77 for a total cost of Three Million, Eight Hundred Seventy, Three Hundred Eleven Dollars (\$3,870,311.00). It says the third (3rd) year (1978-79) is open for negotiations, but an estimate of six per cent (6%) is used in the Board summary section for purposes of comparison.

In utilizing the schedules cited above, the Board indicates a pattern which would occur under the Board of Education proposal. It says that under the B.A., an employee who earned Ten Thousand, Two Hundred Dollars (\$10,200.00) in 1975-76 would realize an increase equivalent of One Thousand, Four Hundred Seventy Seven Dollars (\$1,477.00), fourteen and five tenths per cent (14.5%), to Eleven Thousand, Six Hundred Seventy Seven Dollars (\$11,677.00) in 1976-77, and an increase equivalent of One Thousand, Five Hundred Fifty One Dollars (\$1,551.00), thirteen and three tenths

per cent (13.3%), to Thirteen Thousand, Two Hundred Twenty Eight Dollars (\$13,228.00) in 1977-78. It says this equals a compounded increase equivalent of twenty nine and seven tenths per cent (29.7%) over two (2) years of the contract.

The Board says using the same procedure under the B.A. plus fifteen (15) results in a compounded increase of twenty two and seven tenths per cent (22.7%), and in the M.A. area, this figure represents an increase equivalent of twenty three and two tenths per cent (23.2%).

The Board submitted tables to show what the actual teacher salary schedules would be for all three (3) years of the contract proposal. The amounts of employer-paid retirement, actual wage increases, maximum C.O.L.A. and improvement factor amounts were segregated and then totaled to balance the previous salary schedules. In summary form, they read as follows:

1976-77 SALARY SCHEDULE

Cost Increase over 1975-76 - \$152,758
Incremental Increase over 1975-76 - \$94,477
Paid Retirement Increase @ 2½% - \$88,652
Total Cost Increase - \$335,887
Total Overall Costs - \$3,635,809

1977-78 SALARY SCHEDULE

Cost Increase over 1976-77 - \$248,303
Incremental Increase over 1976-77 - \$92,778
Paid Retirement Increase @ 2½% - \$97,206
Total Cost Increase - \$438,287
Total Overall Costs - \$4,074,096

1978-79 SALARY SCHEDULE

Cost Increase over 1977-78 - \$477,069
Incremental Increase over 1977-78 - \$97,634
Paid Retirement Increase over 1977-78 - \$28,735
Total Cost Increase - \$603,428
Total Overall Cost - \$4,677,524

The Board submits that the revenues for 1976-77 have been affected by the continual decline in student population. It notes that the February payment was short by Two Hundred Eighty Four Thousand, Eight Hundred Forty Dollars (\$284,840.00). It says it hopes that payment will be made in June or July in the full amount, but this process causes cash-flow problems, and the possibility still exists that it will not be paid in full. It notes that last year, through executive order, Ninety Thousand, Three Hundred Thirty Two Dollars (\$90,332.00) was withheld from District #7's aid. It says that Federal funds have been reduced by approximately Thirty Three Thousand Dollars (\$33,000.00), thereby requiring these expenditures from other funding sources.

The Board says that overall revenues for 1976-77 will remain the same as 1975-76. It says that capital outlay, replacement of equipment and contracted services have been virtually eliminated allowing those funds to be available for the Board's teacher wage proposal and other necessary day-to-day operating requirements.

INSURANCE PROTECTION - ARTICLE XXV

The Association proposal is that Section A. read the same as in the 1974-76 Contract.

A. (Same as 1974-76 Contract)

76-77: 1) MESSA Super Med II;

OR

2) Blue Cross-Blue Shield MVF II
with Master Med Option IV and
\$2.00 deductible prescription
drug rider;

OR

3) MESSA Long Term Disability and
MESSA Visual Care Plan II;

OR

4) MESSA or Delta Dental Plan E
with Orthodontic Rider 07,
(or equivalent).

77-78: 1), 2), or 3).

78-79: 1), 2), or 3).

B. (Same language except \$21,000)

C. (Same as 1974-76 Contract)

D. (Same as 1974-76 Contract except where
noted in Article XIII)

E. (Same as 1974-76 Contract)

F. During 1977-78, the Board shall provide
MESSA/Delta Dental Plan C with Orthodontic
Rider 03 for all teachers. (\$14.89/month
per teacher or \$32,877.)

During 1978-79, the Board shall provide
MESSA/Delta Dental Plan E with Orthodontic
Rider 07 for all teachers. (\$29.47/month
per teacher or \$64,009.)

As a comparable, the Association introduced the
Wayne-Westland Insurance clause which reads as follows:

ARTICLE XXII

Insurance Protection

- 22.1 The Board shall provide, without cost to the teacher group term life insurance protection in the amount of \$25,000 that will be paid to the teacher's designated beneficiary. In the event of the accidental death the insurance will pay double the specified amount.
- 22.2 The Board agrees to provide full family hospital-medical insurance. One carrier shall be MESSA Super Med 2 program. The other shall be Blue Cross/Blue Shield Comprehensive Hospitalization MVF-1 with Master Medical payment with IMB/OB Rider. Employees not wishing health insurance subsidy through the Board may choose an optional program comprised of MESSA full family Vision Care Plan II, MESSA Variable Option Long Term Disability coverage and Michigan Education Association Legal Services (MEALS) pre-paid legal services program.
- 22.3 For the period of September 6, 1976 through August 31, 1977, the Board agrees to provide MESSA Delta Dental Care Program Plan C--50% Class I coverage, 50% Class II coverage--for all teachers and their eligible dependents. Effective September 1, 1977, the Board agrees to provide full family MESSA Delta Dental Care Program Plan C--50% Class I coverage 50% Class II coverage and 50% Class III (Orthodontics) coverage for all teachers who have dual dental insurance coverage as a consequence of their spouse's employment either with the Board or elsewhere. Effective September 1, 1977 the Board agrees to provide full family MESSA Delta Dental Care Program, Plan E--80% Class I coverage, 80% Class II coverage and 80% Class III (Orthodontics) coverage for all teachers other than those who have dual dental insurance coverage as above described. The

Board may require each teacher to certify in writing whether or not he/she has dual dental insurance coverage.

An explanation of the Board of Education's proposal reads as follows:

ARTICLE XXVI

Insurance Protection

- A. The Board has proposed a solution to the problem of double-coverage in health insurance. This occurs when a teacher, whose family is covered by health insurance provided by the employer of the teacher's husband or wife, elects full health insurance coverage under our Master Agreement with the Association.

The premium paid by the Board is \$1,486.00 per year for full family coverage by MESSA and \$1,104.00 for full family coverage by Blue Cross. The coordination of benefits procedure followed by health insurance companies prevents duplicating payments of benefits.

Health Insurance for those teachers who have double coverage costs the Board an estimated \$50,000 per year, which is not producing any additional benefits to those teachers.

The Board proposal offers the following plans to the Association:

M.E.S.S.A. Super Med II

Self-Spouse and Children
Self and Children
Self and Spouse
Self

OR

BLUE CROSS M.V.F. II

Blue Cross M.V.F. II Option
IV with \$2.00 drug rider
deductible.

Maximum for Full Family
Maximum for Two-Persons
Maximum for One-Person

OR

DENTAL SERVICE PLAN

The Board shall provide dental care protection for employees and their eligible dependents through the Board's approved carrier. The coverage shall be equivalent to the M.E.S.S.A./D.C.I. - Dental Plan which includes E-03 Orthodontics Coverage.

OR

For those teachers covered by health and dental insurance elsewhere, the Board will pay \$25.00 per month for a maximum of \$300.00 per year, payable on the last pay in June, in lieu of health and dental protection provided by the Board.

- B. A dental program for all teachers is offered for 1978-79, the third year of the Master Agreement.
- C. The health insurance and the Dental Service Plan offered by the Board are identical to that included in the previous Master Agreement.
- D. Group life insurance for teachers has been changed to \$18,000, an increase of \$3,000.
- E. It is hoped that the payment of \$300 to those teachers who are covered by health and dental protection elsewhere will service (sic) as an enticement to largely eliminate the expense of the double-coverage. Both the Board and the teachers would benefit from this plan.
- F. Teachers may use the \$300 to purchase any additional insurance, such as disability, vision or whatever other coverage they desire.

- G. The cost of the Association's insurance plan was not computed because of the Board's proposal to eliminate double-coverage.
- H. The health insurance cost increase in 1976-77 represents 1.5% of the total teacher salary cost.

The Board submitted in detail the Cost Differences between the Association's proposal and that of the Board of Education. In summary form from its documents, it reads as follows:

DENTAL INSURANCE COSTS DIFFERENCES

1976-77	-0-
1977-78	\$26,460.00
1978-79	<u>12,348.00</u>
TOTAL	\$38,808.00

LIFE INSURANCE COST DIFFERENCES

1976-77	\$1,885.68
1977-78	1,885.68
1978-79	<u>1,885.68</u>
TOTAL	\$5,657.04

RECOMMENDATIONS

The parties are to be complimented for having negotiated almost the entire Agreement without resort to Fact-Finding, and it is my sincere belief after reading the documents presented at the hearing that the parties can reach a fair and amicable settlement on the two (2) remaining issues.

District No. 7 is not alone this year in suffering

from a declining student population which results in fewer funds and receiving decreased amounts in Federal funds.

However, on the salary schedule, the parties are not far enough apart, but that at the bargaining table they can work out an equitable Agreement. Based in part on the comparables submitted by neighboring and comparable communities, the Fact-Finder recommends a salary increase for 1976-77 of three and one half per cent (3.5%) over 1975-76 salary schedules, and two and one half per cent (2.5%) Non-Contributory Retirement (NCR). An improvement factor of three per cent (3%) is recommended for 1977-78. The Cost-of-Living, again based in part on the comparables, shall not be less than four per cent (4%) or greater than seven per cent (7%) for 1977-78. The Cost-of-Living for 1978-79 shall not be less than five per cent (5%) nor greater than seven per cent (7%).

In the matter of Life Insurance, the parties are close and the Association's request is granted, as it is noted that the increase will be One Thousand, Eight Hundred Eighty Five Dollars (\$1,885.00) in 1976-77, One Thousand, Eight Hundred Eighty Six Dollars (\$1,886.00) in 1977-78, and One Thousand, Eight Hundred Eighty Six Dollars (\$1,886.00) for 1978-79. In light of the salary increase, and Non-Contributory Retirement recommendation, the Board's proposal on Dental Insurance is recommended for this Contract, but is to start in the second (2nd) year, 1977-78. It is a good

program and should not be postponed.

Both parties can use these recommendations to assist in finalizing their negotiations with the concern of educating the youth in District #7 or Dearborn Heights.


E. J. FORSYTHE FACT-FINDER

DATED: March 10, 1977