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STATE OF MICHIGAN  
EMPLOYMENT RELATIONS COMMISSION  
DETROIT OFFICE

Case No. D73 G-2798

3413

In the Matter of Fact Finding between  
Dexter Education Association

-and-

Dexter Board of Education  
Dexter, Michigan

Dallas Jones

Michigan State University  
LABOR AND INDUSTRIAL  
RELATIONS LIBRARY

### Preliminary Statement

This proceeding has been conducted pursuant to Section 25 of Act 176 of Public Acts of 1939 of the State of Michigan as amended and the Employment Relations Commission's Regulations. The undersigned was appointed as the Commission's Hearing Officer on September 21, 1973, following a joint petition from the parties, to conduct a fact finding hearing and to issue a report with recommendations with respect to the matters in disagreement.

The hearing was held in Dexter, Michigan on October 18, 1973. Both parties were present at the hearing and were given full opportunity to present their testimonial and documentary evidence in regard to the matters in dispute. Appearing for the Dexter Education Association were Mr. Henry J. Flandysz, President, Dexter Education Association, and Mr. Richard Gray, Executive Director, Michigan Education Association. Mr. James Gray, Superintendent, appeared for the Dexter Board of Education. Both parties submitted post-hearing or rebuttal briefs.

### The Issues in Dispute

The Dexter Education Association (hereinafter referred to as the Association) seeks a six and one-fourth (6¼) per cent salary increase over the 1972-1973 salary schedule. In addition, the Association seeks a change in the hospitalization

Dexter Board of Education

insurance. The Association proposes that the Dexter Board of Education (hereinafter referred to as the Board) discontinue Blue Cross and provide instead Super Med II (supplied by MESSA), which includes a \$5000.00 life insurance provision. If Blue Cross coverage is continued, the Association proposes that the present life insurance coverage provided by the Board be increased to \$5000.00. Finally, the Association proposes that the Board provide some form of dental care coverage.

The Board proposes that the total salary and benefit increase be limited to approximately four (4) per cent over the 1972-1973 base. The Board proposes that this increase be taken either as a four per cent increase over the 1972-1973 salary schedule or as a three and one-half (3½) per cent increase in the salary schedule and improvement in the present hospitalization insurance. (The present coverage is Blue Cross MVF-I; the Board proposes to provide Blue Cross MVF-II.) In addition, the Board proposes to increase the present group life insurance coverage to \$3,500.00. The Board opposes provision for dental care.

### Discussion

The parties have offered a number of arguments in support of their positions. Both have utilized comparisons, ability to pay, and to some degree, equity. No useful purpose would be served by setting forth in detail these arguments, although the Fact Finder has given, of course, full and careful consideration to them.

While comparisons provide a useful guide, they are not easy to develop. One problem is the choice of school districts

to be used for comparative purposes. In this instance, the Fact Finder believes that primary importance should be placed upon the school districts within Washtenaw County. This does not mean that other comparative data, such as state average salary, etc., should not be utilized; clearly, such data are useful, especially as reference points.

Another problem in utilizing comparative data is what might be called the "internal" problem in comparing salaries; that is, the basic salary is not the sole component of pay, although it is the most important. The manner in which the incremental pay schedule is constructed, for example, can be extremely important - a problem which the Fact Finder has had to deal with in other cases.

In this instance, the problem is what weight should be given the fact that Dexter provides an additional payment for hours attained beyond the BA and MA degrees. Thus, an extra \$100.00 is provided for the BA plus 10 and another \$100.00 for the BA plus 20. At the MA level, the difference between the MA and the MA plus 10 ranges between \$276.00 and \$387.00. At the MA plus 20 level, another \$276.00 to \$387.00 is paid.

If one utilizes, as the Board proposes, a comparative salary schedule based upon six levels of pay - i.e., BA Base, BA Maximum, BA plus 10 Base, BA plus 10 Maximum, BA plus 20 Base and BA plus 20 Maximum - the Board's proposal of 3½ per cent appears reasonable. By rank ordering the 10 districts within Washtenaw County at each of these levels and then dividing the sum of the rankings at each level by 6, Dexter's ranking at the BA level is slightly improved over the 1972-1973 schedule (4.16 to 4.00) and drops slightly at the MA level (3.33 to 3.66). In other words, the Board's offer would appear to be in

line with the settlements in other districts because the rank ordering is about the same.

If, on the other hand, the comparison is made only at two levels for each degree - i.e., BA Base and BA Maximum - as the Association proposes, then Dexter's ranking declines considerably. This point is illustrated in Table I, which shows the 1972-1973 salary schedule at these degree levels and the Board's proposal of 3½ per cent for 1973-1974 at each of these degree levels as compared to other districts.

This difference arises from the fact that only one other school district pays additional money for the attainment of hours beyond the basic degree - Willow Run at BA plus 20 and MA plus 20. Thus, by showing salary schedules at six levels rather than two, the Dexter position is improved.

While the Fact Finder cannot agree that these increments to the basic salary should be ignored as the Association proposes, neither can he agree that they should be given the weight urged by the Board. These additional payments do make the Dexter salary structure more attractive.<sup>1/</sup> They are also a cost item, although seemingly less than one per cent of total salary, which must be taken into account.

The effect of the Association's proposal of 6½ per cent is shown in Table II. If this increase were given, Dexter would improve considerably its comparative position within the county; indeed, it would become comparable to the larger communities

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1. Indeed, Dexter should be commended for providing this extra payment. If the people of Michigan believe that additional education is necessary to attain certain certificates, then teachers should not be expected to bear the full cost of obtaining those degrees out of their basic salary.

in the county. This does not take into account, moreover, the extra hours payment. It might also be noted that the same general impact would occur at the Ed.S. level; under the Board's proposal, there would be some improvement (from 2 to 1 at the base and remain the same at the maximum), but would improve considerably under the Association's proposal.

The Association's proposals in regard to improved health care and life insurance are, on their face and standing alone, reasonable. The escalation of health costs over the past few years can spell economic ruin for a family that does not have adequate coverage. Much the same can be said of dental care. And one can hardly deem \$5000.00 life insurance coverage excessive.

That which is desirable and that which is possible are, however, two different things. Thus, on the basis of equity and given the inflation rate which the country has been experiencing,<sup>1/</sup> a salary increase approaching 6 per cent and the other benefits sought by the Association would not seem out of line. The Board is faced, however, with the problem of funding such an increase. Unlike some other lines of endeavor, which can often increase prices to meet increased costs, the Board must operate with those funds which the people of the district are willing to provide. The 1973-1974 budget must be based upon the anticipated revenues for this year.

The cost of the Association's proposal would be in the

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1. There is also every indication that the rate of inflation is likely to increase over the next few months rather than decline.

range of 7 per cent even without dental care. (The Association did not provide a cost figure for dental care although this is estimated by the Board at \$11,500.00 or approximately a one per cent increase in the salary cost.) While the Association claims that the entire cost of its proposal can be funded without endangering the Board's financial position, the Fact Finder queries this claim.

One area of difference between the parties is the amount of additional income which the Board will receive in the current year. There is agreement that the Board will receive an additional \$211,875 from local taxation; however, from this sum must be deducted a lower amount of state aid to be received in 1973-74 than was received in 1972-73. The Board estimates the increase in revenue at \$40.62 per pupil or 4.89 per cent per pupil. Based upon the data presented, this appears to be an accurate estimate.

Clearly, this additional revenue cannot be used entirely for salary improvement. The Board is faced with increasing costs in such areas as supplies and maintenance. There are increased costs for the additional 61 students in the Dexter system. And while the index or increment schedule is a built-in part of the salary schedule and should not be considered as salary improvement, it does have to be funded. When all of this is taken into account, the Fact Finder believes that it is impossible for the Board to meet the Association's proposal without placing the Dexter school system in financial jeopardy.

The Association does not seriously challenge the Board's proposed budget for 1973-1974. (While there is some

disagreement in regard to the actual cost of the Association's salary proposal, this difference is seemingly explained by the fact that the Association's figure does not take into account such items as summer teaching.) This budget indicates that the Fund Equity will drop from \$112,865.00 in 1973 (down from \$147,118.00 in 1972) to an estimated \$65,472.00 in 1974 under the Board's proposal. The additional cost to meet the Association's proposal is estimated by the Board at over \$45,000.00. Although the Fund Equity can move up as well as down in any given year, and it has done so in the past, to allow it to fall as low as \$20,000.00 would border upon fiscal irresponsibility.

The Fact Finder believes, on the other hand, that the Board can afford to give more than it has offered and that its offer is <sup>not</sup> as generous and competitive as it claims. As Table II shows, there will be a decline in Dexter's ranking. Although the Fact Finder does not believe that the same ranking must be maintained forever, or that there is something sacred about it, it is a factor to consider. More important is the slippage in actual money. This point is best illustrated by comparing Dexter with Chelsea and Lincoln. The actual increase in these districts is above the  $3\frac{1}{2}$  per cent increase offered by the Board.

Of greater significance is the fact that the economic position of the Dexter teachers will deteriorate under the Board's position. Given the present inflation rate, Dexter teachers will experience a decline in real income of at least two per cent, and quite likely even more, if the Board's position is upheld. Every effort should be made to minimize such a decline if equity is to be served.

While the Fact Finder does not believe that the Board can provide an increase which will completely off-set the expected inflationary effect, he does believe that the Board can afford to offer a total increase in the range of five per cent and perhaps a little more. A one per cent increase over the Board's four per cent offer would cost approximately \$12,000.00 more; a 1½ per cent increase would cost approximately \$18,000.00 more. It does not seem to the Fact Finder that an increase in the range of \$12,000.00 to \$18,000.00 above the Board's proposal would endanger the Fund Equity to a point which cannot be tolerated.

The Fact Finder wishes to emphasize, however, that the increase which he is recommending includes the cost of increased benefits. Whether the Board's proposal on health care should be adopted is a matter for the parties to decide; they are in a position to determine what plan would best meet the needs of Dexter teachers.

The Fact Finder is not recommending adoption of a dental care plan. He does believe, however, that the parties should explore the possibility of providing some type of optional plan either on a group or individual basis. Many hospitalization plans, as the parties are undoubtedly aware, include a "duplication of benefits" proviso. When this is the case and where there are two members of the family employed, increased hospitalization can become meaningless. This money can be better utilized elsewhere.



Recommendation

The Fact Finder recommends a total salary increase in the range of 5 per cent as detailed hereinbefore.

  
Dallas L. Jones

Dated at: Ann Arbor, Michigan  
November 29, 1973

Table I

<u>District</u>	<u>BA Base</u>	<u>BA Max</u>	<u>MA Base</u>	<u>MA Max</u>
Ann Arbor	8,650 (2)	14,972 (1)	9,330 (3)	17,700 (1)
Chelsea	8,543 (3)	13,327 (7)	9,397 (1)	14,609 (8)
Dexter	8,686 (1)	13,854 (4)	9,392 (2)	15,732 (4)
Lincoln	8,440 (6)	13,616 (5)	9,020 (6)	15,482 (5)
Manchester	Not settled			
Milan	7,950 (9)	13,200 (8)	8,600 (7)	15,100 (7)
Saline	8,400 (7)	13,200 (8)	9,200 (5)	15,225 (6)
Whitmore Lake	8,000 (8)	13,466 (6)	8,600 (7)	14,356 (9)
Willow Run	8,500 (4)	14,100 (2)	9,300 (4)	16,400 (3)
Ypsilanti	8,500 (4)	14,025 (3)	9,300 (4)	16,850 (2)

Table II

## 1972-1973 Salary Schedule

<u>District</u>	<u>BA Base</u>	<u>BA Max</u>	<u>MA Base</u>	<u>MA Max</u>
Ann Arbor	8,500 (1)	14,272 (1)	9,180 (1)	17,000 (1)
Chelsea	8,175 (5)	12,753 (7)	8,992 (4)	13,979 (8)
Dexter	8,177 (4)	13,039 (5)	8,840 (5)	14,807 (4)
Lincoln	8,000 (8)	12,968 (6)	8,550 (9)	14,745 (5)
Manchester	8,000 (8)	12,111 (10)	8,600 (7)	13,042 (10)
Milan	7,700 (10)	13,200 (4)	8,300 (10)	14,700 (6)
Saline	8,100 (6)	12,400 (9)	8,750 (6)	14,300 (7)
Whitmore Lake	8,000 (8)	12,466 (8)	8,600 (7)	13,356 (9)
Willow Run	8,357 (2)	13,362 (2)	9,067 (3)	15,527 (3)
Ypsilanti	8,350 (3)	13,360 (3)	9,100 (2)	15,875 (2)

## 1973-1974 Salary Schedule

<u>District</u>	<u>BA Base</u>	<u>BA Max</u>	<u>MA Base</u>	<u>MA Max</u>
Ann Arbor	8,650 (1)	14,972 (1)	9,330 (2)	17,700 (1)
Chelsea	8,543 (2)	13,327 (8)	9,397 (1)	14,609 (8)
Dexter	8,463 (5)	13,495 (6)	9,149 (6)	15,325 (6)
Lincoln	8,440 (6)	13,616 (4)	9,020 (7)	15,482 (4)
Manchester	Not settled			
Milan	7,950 (9)	13,500 (5)	8,600 (8)	15,400 (5)
Saline	8,400 (7)	13,200 (9)	9,200 (5)	15,225 (7)
Whitmore Lake	8,000 (8)	13,466 (7)	8,600 (8)	14,356 (9)
Willow Run	8,500 (3)	14,100 (2)	9,300 (3)	16,400 (3)
Ypsilanti	8,500 (3)	14,025 (3)	9,300 (3)	16,850 (2)