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STATE OF MICHIGAN
DEPARTMENT OF LABOR

5/10/72 FF

LABOR AND INDUSTRY 2:80

Before Harry T. Edwards, Fact Finder,
Appointed by the Michigan Employment Relations Commission

In the Matter of Fact Finding)
Between:)

DUNDEE EDUCATION ASSOCIATION)

-and-)

BOARD OF EDUCATION FOR DUNDEE)
PUBLIC SCHOOLS)

Fact Finding Pursuant to
Section 25 of Act 176 of
Public Acts of 1939; M.S.A.
17.454(27); M.C.L. 423.25

Harry T. Edwards

INTRODUCTION

A hearing in the above matter was held on March 27,
1972 at the Dundee High School Library, Dundee, Michigan.

APPEARANCES

For the Board of Education:

W.W. Lewis, Superintendent, Dundee Community Schools,
Dundee, Michigan

For the Association:

Jim Scheu, Executive Director, Michigan Education As-
sociation, Dundee, Michigan

BACKGROUND

The instant dispute is the product of a bargaining im-
passe between the parties on the sole issue of salary increases
for the Dundee teachers for the 1971-72 school year.

Dundee Public Schools

On January 13, 1972, the Board of Education of the Dundee Community Schools (hereinafter referred to as the "Board") and the Dundee Education Association (hereinafter referred to as the "Association") mutually agreed to submit this dispute to the Michigan Employment Relations Commission for fact finding. The undisputed events leading up to the application for fact finding are summarized hereinbelow.

In August of 1970, a three year collective bargaining agreement, due to expire on August 30, 1973, was executed by the Board and the Association covering the terms and conditions of employment for the teachers in the Dundee Community Schools. This agreement included a salary schedule for the 1970-71 school year; the agreement also included a re-opener clause which allowed for negotiations over salaries, pay for extra duty assignments, and school calendar matters during the second and third years of the contract.

Immediately following the termination of the 90-day general freeze on salaries imposed by Executive Order No. 11615 (36 F.R. 15727, August 15, 1971), the parties agreed to a 5.5% increase in pay for extra duty assignments. The increase was made effective as of November 15, 1971. Consequently, as of that date, the only outstanding bargaining issue which remained to be resolved by the parties was that of salaries for the 1971-72 school year.

During the past year, the parties have attempted on numerous occasions to negotiate a mutually satisfactory settlement of the salary dispute. The first meeting of the parties was held on March 4, 1971. However, due to the unavailability of pertinent financial data and the failure of the legislature to enact a state aid bill for the 1971-72 school year, the parties agreed to postpone negotiations until a later date. The parties' first salary proposals were subsequently exchanged at a meeting which was held on July 7, 1971. The Board and the Association each submitted two proposals at this meeting. The Board's first proposal was an offer to increase teachers' salaries by 4% over the 1970-71 schedule; the Association counter-proposed with a request for an increase of 18.6% over the 1970-71 schedule.

Additional negotiation sessions were held between the parties on July 19, 1971 and August 11, 1971; however, little progress was achieved at these meetings. At the conclusion of the August 11 meeting, the parties agreed to submit their salary dispute to mediation.

Subsequently, on August 23, 1971, the parties met with Mr. Edward Phillips, a Mediator from the Michigan Employment Relations Commission. However, because the parties were uncer-

tain about the effect of the 90-day general freeze on salaries imposed by President Nixon on August 15, 1971, it was decided to delay further negotiations until after such time when guidelines had been received from the federal government pursuant to Executive Order No. 11615.

On November 3, 1971, both sides offered new proposals. However, the parties were still unable to resolve their dispute. On November 16, 1971, the Board proposed a straight 5.5% increase (with no increment increases) over the 1970-71 schedule. This proposal was rejected by the Association. The Association, in turn, proposed a 5.5% increase plus increment moves on the 1970-71 schedule. This counter-proposal was declared to be unacceptable by the Board. The parties then adjourned their meeting and did not reconvene again until November 22, 1971. The negotiation efforts made by the parties on November 22 also proved to be futile.

On December 21, 1971, the parties again agreed to utilize mediation and a meeting was subsequently scheduled for December 27, 1971, with Mr. Leon Cornfield, from the Michigan Employment Relations Commission.

At the December 27, 1971 meeting, the Board offered a proposal which would have given increment increases to the teachers, plus a 2% increase of the first nine increment steps on the salary schedule, to be effective retroactively as of the end of the salary freeze period; i.e., November 15, 1971. The Association rejected this proposal and countered with a request for increment increases plus a 5.4% salary adjustment. The Board then responded with its final proposal, offering to grant a 4% adjustment of the salary schedule plus increment increases, effective retroactively as of November 15, 1971. The Association negotiating group agreed to accept this proposal if the Board would agree to pay the increment increases retroactive to the beginning of the 1971-72 school year. The Board refused to make any salary adjustments for the period preceding November 15, 1971, claiming that it was prohibited by Executive Order No. 11615 from granting any salary increases (including increment increases) during the salary freeze period.

Following the December 27 meeting, the Board's final proposal was submitted to and rejected by the Association membership. When the parties were subsequently unable to reach a satisfactory settlement, it was agreed to submit the matter to fact finding.

By a letter dated January 27, 1972, Professor Harry T. Edwards was appointed by the Michigan Employment Relations Commission to act as the Fact Finder in the instant dispute. Thereafter, the parties agreed to schedule the first hearing

in fact finding for Tuesday, February 29, 1972. On Wednesday, February 23, 1972, Mr. Jim Scheu, the Executive Director of the Michigan Education Association, telephone Mr. W.W. Lewis, Superintendent of Schools, to ask if the Board would be willing to postpone the fact finding hearing and meet with the Association to attempt to reach a settlement on the 1971-72 salary schedule and, in addition, to discuss the 1972-73 schedule. Mr. Lewis asked Mr. Scheu what he had in mind relative to the 1971-72 salary schedule; Mr. Scheu stated that he was prepared to discuss something in the neighborhood of a \$2,500 adjustment. Mr. Lewis replied that he would contact the members of the Board and he also stated that he thought that the Board would be willing to discuss this proposal as well as some reasonable proposal for the 1972-73 salary schedule.

The parties met again on February 29, 1972, but were still unable to work out a mutually agreeable salary package. Later, on March 6, 1972, the entire Board met to discuss the matter of the pending negotiations and, pursuant to these deliberations, they unanimously decided to hold fast with the final proposal as previously offered by the Board on December 27, 1971.

On March 27, 1972, a fact finding hearing was held and the parties presented testimony and other pertinent evidence in support of their respective positions in this matter. Thereafter, the parties agreed to submit post-hearing briefs to the Fact Finder not later than April 18, 1972. In considering the instant dispute, the Fact Finder has reviewed with care all of the testimony taken at the fact finding hearing, the documents offered in evidence, and the post-hearing briefs of the parties.

THE ISSUES IN DISPUTE

At the hearing before the Fact Finder, the Association advanced the following possible solution to the existing impasse:

(1) Each increment step on the 1970-71 salary schedule, excluding Step 1 and Step 10, should be increased by an amount equal to 5.4%. (Thus, under the Association's proposal, the present salary schedule for a teacher with a Bachelor's degree at the fourth step would be increased from \$8,400 to \$8,853; similarly, the salary for a teacher with a Master's degree at the seventh step would be increased from \$11,100 to \$11,699.)

(2) Effective as of November 15, 1971, each teacher would receive an increment increase on the new salary schedule (i.e., the 1970-71 salary schedule plus 5.4%). Thus, for example, a teacher with a Bachelor's degree being paid on the third step during the 1970-71 school year would be progressed to the fourth step and would receive a net salary increase of approximately \$528 (i.e., the difference between \$8,853 and \$8,100 times 70.17% which represents the adjustment for the freeze period).

(3) The starting salaries for first step Bachelor's and Master's degree teachers would be increased by 4% over the 1970-71 schedule, to \$7,800 and \$8,300, respectively.

(4) The maximum salary for tenth step Bachelor's and Master's degree teachers would be increased by 5.5% over the 1970-71 schedule, to \$12,238 and \$13,926, respectively.

(5) The Association estimated that under its proposal, the total cost for teachers' salaries for the 1971-72 school year would be approximately \$817,440; the net additional cost to the Board was estimated at approximately \$23,940; and the net additional new money necessary to pay for the salary increases was estimated to be approximately 3.1% over the total salaries paid in 1970-71.

(6) The average increase in salary, per teacher, for the 1971-72 school year was estimated to be approximately 5.74%. (This "average" figure includes increment advances plus the 5.4% adjustment of the salary schedule.)

The Board of Education, in turn, advanced the following possible solution to the parties' existing impasse:

(1) Each increment step on the 1970-71 salary schedule should be increased by an amount equal to 4.0%.

(2) Effective as of November 15, 1971, each teacher would receive an increment increase on the new salary schedule (i.e., the 1970-71 salary schedule plus 4.0%). Thus, for example, a teacher with a Bachelor's degree who was being paid on the third step during the 1970-71 school year would be progressed to the fourth step and would receive a net salary increase of approximately \$446.

(3) The starting salary for the first step Bachelor's and Master's degree teachers would be increased by 4% over the 1970-71 schedule, to \$7,800 and \$8,300, respectively.

(4) The maximum salaries for tenth step Bachelor's and

Master's degree teachers would be increased by 5.5% over the 1970-71 schedule, to \$12,238 and \$13,926, respectively.

(5) The Board estimated that under its proposal, the total cost for teacher's salaries for the 1971-72 school year would be approximately \$812,000; the net additional cost to the Board of Education was estimated at approximately \$18,500; and the net additional new money necessary to pay for the salary increases was estimated to be approximately 2.33% over the total salaries paid in 1970-71.

(6) The average increase in salary, per teacher, for the 1971-72 school year was estimated to be approximately 5.44%. (This "average" figure includes increment advances plus the 4.0% adjustment of the salary schedule.)

Thus, it can be seen that the actual difference in the parties' respective positions is relatively small. Indeed, only approximately \$5,500 (in total cost) separates the two sides. Nevertheless, each side was adamant in its resolve that its position was the just one and, consequently, neither side was prepared to modify its stand during the course of the fact finding proceeding.

ARGUMENTS

In support of its position herein, the Association argued that the net income of the Dundee teachers has recently been adversely affected by several factors, including a 4.3% increase in the cost of living through December of 1971, a 50% increase in the State Income Tax, and a \$10 out-of-pocket contribution to the Health Insurance Program carried by Dundee teachers and made necessary by a premium increase not paid by the Dundee Board of Education; that the Board has not claimed an inability to pay; that the school district financial picture gives evidence of a considerable improvement over the past year; that the proposed budget for the 1971-72 school year indicates an aggregate increase in total general fund revenues of approximately \$90,000; that while Dundee ranks 182 in state equalized valuation per child, it only ranks 317 in average teachers' salary and 348 in instruction expenditure per child; that while it is true that the Dundee Community has never failed to vote support for education, it is also true that the level of support requested by the Board has been unusually moderate for a community close to the Detroit Metropolitan Area; and that the Board's introduction of average percent of gross increase is merely an

effort to cloud the real issue in fact finding. On this last cited point, the Association urged that its proposal did not contravene the salary controls prescribed by Executive Order No. 11627 (36 F.R. 20139, October 16, 1971), as amended, and Executive Order No. 11640 (37 F.R. 1213, January 27, 1972), as amended, or the regulations issued pursuant thereto.

The Board, in support of its position herein, argued that, under its proposal, the salaries paid to Dundee teachers would compare favorably with the salaries presently being paid to other teachers in school districts in Monroe County and in M.A.S.A. Region 8; that Dundee teachers have a beginning rate of \$6.16 per hour based on a 181 day year, seven hours per day, at \$7,800 per contract year; that the teachers already enjoy numerous fringe benefits in addition to a relatively high salary schedule; that even though the Dundee schools have been able to operate in the black and have not had to borrow money for operating purposes, the Board "could be put in a position where borrowing money is necessary" if unreasonable teachers' bargaining demands are acceded to; that while the Board is not presently operating at a deficit, it does not have a surplus of money; that the Board has been able to keep the operating millage low with the assistance of increased equalized valuation, increased state aid, and efficient operation, and therefore, the Board has determined that the present voted millage of 16.70 is sufficient for this year; and that the Board salary offered this year is a fair one and is competitive with other districts in the region as well as other districts of similar size and valuation throughout the state.

FINDINGS OF FACT

I. Financial Capacity of the Board to Pay

There is no serious claim advanced by the Board here that it would be financially unable to meet the Association's final salary demand. Rather, the Board has argued that the current healthy financial status of the school district will be seriously impaired, over the long run, if it is continually required to accede to unreasonable Association salary demands. The Association, on the other hand, has urged that the Board's forecast of doom is specious in light of the facts at hand and that the Board could easily pay the salary increase here sought by the teachers.

Some of the pertinent facts relevant to this point are as follows:

(1) In its budget estimate for the 1970-71 school year, the Board predicted that total general fund revenues would be \$1,319,470 and that total general fund expenditures would be \$1,445,720. In the Annual School District Financial Report for the year ending June 30, 1971 (Assn. Ex. 1) the actual total general fund revenues were reported to be \$1,326,543 (about \$7,000 over the budget estimate), and the actual total general fund expenditures were reported to be \$1,346,624 (about \$99,000 less than the budget estimate). The Association has contended that the Board historically tends to over-estimate expenses and under-estimate revenues in its budget forecasts and that this should be considered here.

(2) At the present time, the Board is operating on a cash basis and has found it unnecessary to borrow in order to meet school district expenses.

(3) The cash balance in the general fund showed a loss, as of June 30, 1971, at the end of the 1970-71 school year, from \$297,428 to \$271,504; another loss has been predicted for this year. During the past three years, the cash balance in the general fund has fallen from \$297,428 (as of June 30, 1970), to \$271,504 (as of June 30, 1971), to an estimated figure of \$237,269 (as of June 30, 1972). In its pre-hearing brief, the Board argued, as follows, at page 9:

"Some had the impression that a cash balance at the end of the fiscal year is 'surplus' money or 'profit.' This is far from the truth. Salaries and other operating costs must be paid throughout the summer and fall months. We do receive state aid payments in August, October and December, but this income added to our cash balance is barely enough to see us through until local taxes start to come in late in January. Without a sizeable cash balance in June, we would have to borrow money before tax money is received in order to meet payrolls and pay bills. Interest charged on borrowed funds only adds to operating costs. Best present estimates indicate that our cash balance may decrease again this year whereas a larger balance will be needed to carry us through the first six months next year."

(4) The Board has estimated that the total general fund revenues for 1971-72 will be approximately \$1,405,747 (Bd. Ex. 3); this is nearly \$80,000 over the total general fund reve-

nues (plus incoming transfers) reported for the 1970-71 school year. The Association points to the fact that this increase in total general fund revenues well exceeds the approximately \$23,900 which would be required to pay for the salary increases under the new salary schedule proposed by the Association.

(5) The estimated total general fund expenditures in the Board's budget for 1971-72 is approximately \$1,439,982; this is \$93,358 over the total amount expended for all items during the 1970-71 school year. Since the Board has estimated (using its proposal) that only approximately \$18,500 of this \$93,358 is attributable to increases in teacher salaries, this means that approximately \$74,858 (or better than 80%) of the predicted increase in total expenditures will be attributable to items other than teachers' salaries in 1971-72.

(6) If the Board proposal is used for computation purposes, the total expenditure on teacher salaries will rise by approximately 2.33% in 1971-72 over the same figure for 1970-71; if the Association proposal is used for computation purposes, then the total expenditure on teacher salaries in 1971-72 will rise by approximately 3.0% over the same figure for 1970-71 (Assn. Ex. 3 and 4). In either case, the maximum estimated expenditure on teacher salaries for 1971-72 will not exceed \$818,000. (The \$818,000 figure is actually a high estimate, since it exceeds the Association's proposal by \$500.) Since the Board has estimated the total budget for 1971-72 at approximately \$1,439,982, this means that expenditures on general fund items other than teachers' salaries will approximate \$621,982. This is an increase of \$68,858 (or 12%) over the \$553,124 expended on general fund items other than teachers' salaries in 1970-71.^{1/} Thus, the Board proposes in effect to increase expenditures on teachers' salaries by approximately 2.3% while increasing expenditures on all other items by approximately 12%.

(7) During the past five years, beginning with the 1966-67 school year, the net increased expenditures in teacher salaries versus all other items has appeared as follows (Bd. Ex. 1, page 12):

^{1/} This figure is calculated by subtracting the \$793,500 expended on teacher salaries in 1970-71 (Assn. Ex. 4), from the \$1,346,624 total general fund expenditure figure for 1970-71 (Assn. Ex. 1, page 11, line 19).

<u>School Year</u>	<u>Percentage Increase in Teacher Salaries</u>	<u>Percentage Increase in Other Expenditures</u>
1966-67	9.7%	11.6%
1967-68	18.1%	6.4%
1968-69	22.9%	6.2%
1969-70	7%	22.3%
1970-71	10.3%	6.2%

II. Local Effort in Support of Education

In an effort to demonstrate that the citizens of the Dundee community have historically given maximum support to the school system, the Board presented the following facts and arguments during the course of the fact finding hearing (Bd. Ex. 1, page 8):

"Taxpayers in our district have supported our school system over the years. In 1970-71, 47% of our general fund revenues came from local taxes, 51% from the state, and 2% from re-distributed federal funds. These percentages have been relatively constant for several years. Some persons have been critical of us for not asking the voters for additional operating millage. The Board of Education has done this since 1963 and has felt that our present voted millage is sufficient for this year. We have been able to keep the operating millage low with the assistance of increased equalized valuation, increased state aid, and efficient operation. A comparison of our millage from 1962 to 1972 shows that effort has been made.

Operating Millage 1962 - 8.75
Operating Millage 1966 - 11.86
Operating Millage 1972 - 16.90

Our first extra voted millage, 3 mills, came in 1963. This was renewed in 1966 and again in 1970 and runs through 1974. The next increase of five mills was voted in 1968, renewed in 1971, and runs through 1976. In this time our state equalized [valuation] has increased as follows:

<u>Year</u>	<u>S.E.V.</u>
1966	\$27,491,957
1967	\$30,078,931
1968	\$30,760,764
1969	\$31,954,584
1970	\$32,360,523
1971	\$34,801,521

During this same period our total enrollment has increased from 1858 to 2044 and our professional staff from 80 to 87."

In response to these contentions by the Board, the Association advanced the following argument:

"While it is true that the Dundee Community has never failed to vote support for education, it is also true that the level of support requested by the Board has been unusually moderate for a community close to the Detroit Metropolitan Area and compared to 46 school districts cited by the Superintendent."

Some relevant facts on this point, as reported in Ranking of Michigan Public High School Districts By Selected Financial Data 1970-71, Bulletin 1012, published by the Michigan Department of Education, December 1971 (Assn. Ex. 6), are as follows:

(1) Dundee ranks 348 out of a total of 517 "K-12" school districts in total instruction expenditure per pupil. Among the nine school districts in Monroe County, Dundee ranks sixth in total instruction expenditure per pupil, with only Airport Community School District, Jefferson Consolidated School District and Summerfield School District ranking worse.

(2) In 1970-71, Dundee expended \$471.10 per pupil in "instruction salaries." This ranked Dundee 333 among 527 K-12 school districts within the state and seventh among the nine school districts in Monroe County.

(3) In "average teacher's salary," the figure for Dundee was reported as \$9,657 and this ranked 317 among the 527 K-12 school districts within the state. In Monroe County, this figure was the lowest reported and ranked Dundee last among the nine school districts within the County.

(4) Dundee's "state equalized valuation per resident member," was reported at \$16,450 in 1970-71, and this ranked 182 among the 527 K-12 school districts within the state. This figure also ranked third among the nine school districts in Monroe County.

(5) The operating millage rate for Dundee for 1970-71 was reported at 16.70; this was the lowest millage rate reported for the nine school districts in Monroe County. All of the school districts in Monroe County are shown to be allocated an operating millage of 8.70; in extra voted millage, Dundee ranks last (with 8.00 mills) among all of the nine school districts in the County. It is noteworthy in this regard that Mason Consolidated School District, which is approximately the same size as Dundee Community School District, was reported to have a state equalized valuation per resident member of \$20,770, and an extra voted millage of 10.00; similarly, Whiteford Agricultural School District, which is about half the size of the Dundee School District, had an extra voted millage of 12.00 with a state equalized valuation per resident member of \$15,365.

(6) In total general fund expenditures per pupil, Dundee ranked 476 among the 527 K-12 school districts within the state. The Dundee figure of \$681.62 ranked eighth among the nine school districts in Monroe County and it was substantially below the \$807.47 reported for Ida Public School District and the \$777.85 reported for Mason Consolidated School District, the two school districts in Monroe County of comparable size to the Dundee Community School District.

III. Salary Comparisons With Other School Districts

In comparing the salary schedules at different school districts, it is necessary to analyze several factors, including the number of contract days, the minimum and maximum salaries paid on the Bachelor's and Master's degree schedules, the number of increments on the Bachelor's and Master's degree schedules, and the average annual increment increase on the Bachelor's and Master's salary schedules. In reviewing each of these factors, the following comparisons can be made between the Dundee Community School District and other school districts.

(1) Dundee is the only school district in Monroe County with a 10-step (nine increment) salary schedule for teachers on both the Bachelor's and Master's degree scales. (The Monroe School District has a nine increment salary schedule for its teachers on the Bachelor's degree scale.) In M.A.S.A. Region 8, Dundee is among the nine out of a total of 49 school dis-

tricts with a nine increment salary schedule for Bachelor's degree teachers, and it is among five out of 49 school districts with a nine increment salary schedule for Master's degree teachers; 50% of the school districts in M.A.S.A. Region 8 presently have a 10 increment salary schedule for both Bachelor's and Master's degree teachers, and approximately 25% of these same schools have an eleven increment salary schedule for Bachelor's and Master's degree teachers. Only one school district in M.A.S.A. Region 8 has a nine-step (eight increment) salary schedule for its teachers.

(2) If the Board proposed 4% increment increase is adopted, then the average increment increase in 1971-72 for Dundee would be \$493 on the Bachelor's degree scale, and \$625 on the Master's degree scale. Using these figures, Dundee ranks third behind the Jefferson and Monroe School Districts, in Monroe County for average increment increases on the Bachelor's degree scale; and it ranks first among the nine Monroe County School Districts on the Master's degree scale. In M.A.S.A. Region 8, Dundee ranks sixth, behind the Jefferson, Monroe, Ann Arbor, Lincoln and Milan School Districts, on the Bachelor's degree scale, and it ranks fifth, behind Ann Arbor, Lincoln, Milan, and Ypsilanti, on the Master's degree scale for average increment increases pursuant to salary schedules in force during the 1971-72 school year. (Statistics taken from the 1971-72 Michigan Education Association Salary Schedule Study.)

(3) The Dundee teachers presently enjoy a 181 day contract year. Only one other school district in Monroe County (Mason) has a comparable 181 contract day schedule. The remaining seven school districts in Monroe County all require a number of contract days in excess of 181: Airport (186), Bedford (183), Ida (184), Jefferson (185), Monroe (190), Summerfield (182) and Whiteford (183). In M.A.S.A. Region 8, only eleven other school districts match or better the 181 contract day schedule presently enjoyed by the Dundee teachers. Six of these eleven school districts (i.e., Napoleon, Chelsea, Ypsilanti, Jonesville, North Adams, and Pittsford) had 180 contract day schedules during the 1970-71 school years; the remaining five school districts (plus Dundee) had 181 contract day schedules during the 1970-71 school year.

(4) As has already been noted hereinabove, the parties are agreed on the minimum and maximum salaries on both the Bachelor's and Master's degree scales for the 1971-72 school year. The minimum salaries have been increased by 4% over the 1970-71 figure and are \$7,800 (B.A.) and \$8,300 (M.A.). The maximum salaries on both the Bachelor's and Master's degree scales have been increased by 5.5% over the 1970-71 schedule, and are \$12,238 (B.A.) and \$13,926 (M.A.). Using these agreed minimum and maximum figures, Dundee's ranking in 1971-72 salary schedules in M.A.S.A. Region 8 may be seen as follows:

	<u>B.A. Minimum</u>	<u>B.A. Maximum</u>	<u>M.A. Minimum</u>	<u>M.A. Maximum</u>
Average Salary for 49 School Dis- tricts	\$7,645	\$11,644	\$8,211	\$12,783
Dundee School District	\$7,800	\$12,238	\$8,300	\$13,926
Rank of Dundee School District	10th	14th	17th	10th

(5) Using these same agreed minimum and maximum salary figures for the 1971-72 school year, among the nine school districts in Monroe County, Dundee ranks fifth and eighth with its starting salaries for Bachelor's and Master's degree teachers, respectively, and it ranks sixth and third with its maximum salary figures for Bachelor's and Master's degree teachers, respectively. The comparative figures for the Dundee, Ida, and Mason School Districts, all of comparable size within Monroe County, are as follows:

	<u>B.A. Minimum</u>	<u>B.A. Maximum</u>	<u>M.A. Minimum</u>	<u>M.A. Maximum</u>
Dundee	\$7,800	\$12,238	\$8,300	\$13,926
Ida	\$8,000	\$12,600	\$8,600	\$13,900
Mason	\$7,865	\$12,472	\$8,546	\$13,217

(6) In its post-hearing brief, the Board argued that: "In addition to increased salaries, the Board has given much to teachers in the area of fringe benefits." In this regard, it was contended that:

"These [fringes] include insurance, more sick leave days, personal leave days, allowable absence for family emergency and death, shorter teacher day, preparation periods, reduced

class sizes, less required time for staff meetings, etc. Teachers can no longer be assigned to hall duty, cafeteria supervision, chaperoning dances and various other necessary jobs without extra compensation."

No detailed figures were adduced at the fact finding hearing to support any contentions with respect to fringe benefit programs presently in existence at Dundee. Furthermore, no specific comparative data for other school districts was offered in evidence and, therefore, the Fact Finder is unable to compare the fringe benefit package at Dundee with fringe benefit packages presently in force at other school districts.

(7) The Board offered evidence to show the level of raises granted to other contract employees within the school district for the 1971-72 school year. Clerks and secretaries were given a 5.5% raise (resulting in a 4.1% net increase after the freeze period deduction); custodians were granted a 5.5% increase (resulting in a 4.1% net increase after the freeze period deduction); and administrators were given a 5% increase (resulting in a 4.55% net increase after freeze period deduction).

IV. Past Salary Increases and Cost of Living Adjustments

According to the figures issued by the Bureau of Labor Statistics, the Consumer Price Index for Southeast Michigan rose by 4.3% during the period between September 1970 and September 1971. In Board Exhibit No. 2, there is evidence to indicate that during the period between 1966 and 1970, the Consumer Price Index rose approximately 21.6%, while during the same period the Bachelor's minimum salary at Dundee rose 47%, the Bachelor's maximum salary rose by 52.6%, the Master's minimum salary rose by 50.9% and the Master's maximum salary rose by 65%. However, these comparative figures must be taken with a grain of salt because, as the Board frankly admits at page 7 in its pre-hearing brief, "It is common knowledge that teachers' salaries were quite low until recent years, but there has been a rapid increase in the past four or five years." Thus, a significant portion of the increase in teachers' salaries during the past four or five years was "catch-up" money. Consequently, it is not completely fair or accurate to compare the percentage increases in teacher salaries with percentage increases in the Consumer Price Index during a period of salary catch-up.

RECOMMENDATIONS

The Fact Finder has carefully reviewed the record of testimony, documents and other evidence in this case and, after much deliberation, he respectfully recommends the following settlement for adoption by the parties:

(1) Minimum and Maximum Salaries

The parties have already agreed that the minimum (starting) salaries should be increased by 4% over the 1970-71 salary levels to:

B.A.	\$7,800
M.A.	\$8,300

and that the maximum salaries should be increased by 5.5% over the 1970-71 salary levels to:

B.A.	\$12,238
M.A.	\$13,926

(2) Increments

The parties are agreed that the teachers should continue to be paid on a 10-step (nine increment) salary schedule.

(3) Increase in Schedule of Salary Increments

Effective as of November 15, 1971, each increment step on the 1970-71 salary schedule, except the minimum and maximum steps (covered by (1) above), should be increased by an amount equal to four percent (4%) plus forty dollars (\$40.00). Thus, for example, the second step on the B.A. schedule should be raised from \$7,800 to \$8,152, the third step should be raised from \$8,100 to \$8,464, and so on; and the second step on the M.A. schedule should be raised from \$8,400 to \$8,776, the third step should be raised from \$8,900 to \$9,296, and so on.

(4) Salary Increases

Effective as of November 15, 1971, all teachers should

receive their normal increment progression, plus the increment adjustment recommended in (3) above. Thus, for example, a teacher on the first step of the B.A. schedule during the 1970-71 school year would be progressed to the second step and receive a salary increase from \$7,500 to \$8,152; similarly, a teacher on the first step of the M.A. schedule during the 1970-71 school year would be progressed to the second step and receive a salary increase from \$8,000 to \$8,776.

(5) Retroactivity

All increment progressions and increases, suggested in Paragraphs (3) and (4) above, should be paid retroactively to November 15, 1971.

The recommended salary increase (i.e., 4% plus \$40.00) plainly reflects a compromise that the Fact Finder deems to be warranted by the circumstances of this case. Since 16 of the 86 teachers are already at the tenth step of the salary schedule, they will not be affected by this recommendation. Consequently, the approximate additional cost of this proposal will be 70 times \$40.00 times 70.17% or \$1,965 over the cost of the Board's last offer of 4%.

Using the figures shown on Assn. Exs. 3 and 4, and "Item D" accompanying Bd. Ex. 1, the following cost estimates for the proposed salary increase may be seen as follows:

<u>Total Salaries Actually Paid</u> <u>to Dundee Teachers in 1970-71</u> <u>(Assn. Ex. 4)</u>	- \$793,500
<u>Total Estimated Salaries</u> <u>Which Would Be Paid in</u> <u>1971-72 Under Board's Pro-</u> <u>posal of Increment Progres-</u> <u>sions Plus 4% ("Item D" in</u> <u>Bd. Ex. 1)</u>	- \$811,896
<u>Difference Between Total</u> <u>Salaries Paid Last Year</u> <u>and Board's Proposal for</u> <u>1971-72</u>	- \$ 18,396

Plus Additional \$40.00
Increase Recommended by
the Fact Finder (\$40.00
times 70 times 70.17%)

- \$ 1,965

Total Estimated Salaries
Which Would Be Paid in
1971-72 Under the Fact
Finder's Recommendation

- \$813,861

Difference Between Total
Salaries Paid in 1970-71
and Total Salaries Which
Would Be Paid Under Fact
Finder's Recommendation
for 1971-72

- \$ 20,361

Percentage Increase in
Recommended Total Salary
Figure for 1971-72 Over
Total Salary Figure for
1970-71

- 2.57

Due to staff changes which occurred between the 1970-71 and 1971-72 school years, the above figures can be viewed in another light, as follows:

(1) Total Salaries Actually
Paid to the 1971-72
Staff of Dundee Teachers
in 1970-71 ("Item D" in
Bd. Ex. 1)

- \$771,800

(2) Total Estimated Salar-
ies Which Would Be Paid
in 1971-72 Under the
Fact Finder's Recommen-
dations

- \$813,861

(3) Difference Between "(1)"
and "(2)"

- \$ 42,061

(4) Average Net Percentage
Increase in 1971-72
Teachers' Salaries
Under Fact Finder's
Recommendation

- 5.45%

In short, the Fact Finder is recommending that the parties settle at a point less than half way between the parties' final proposals.

The Fact Finder is convinced that the recommended settlement would result in a just resolution of the parties' impasse. Indeed, in considering the entire record here, one may wonder why the parties were unable to resolve this dispute by themselves without resort to fact finding. The final positions of each side are separated by a relatively small gap approximating something less than \$6,000 in total cost for the entire 1971-72 school year. On February 23, 1972, when Mr. Scheu telephoned Mr. Lewis to seek to resume negotiations, it appeared that the matter might be settled with the parties "splitting the difference." Unfortunately, when the parties did meet again on February 29, 1972, the Association presented the Board with a whole new salary package, which apparently surprised and frustrated the Board members. Mr. Lewis' report of these events is instructive here (Bd. Ex. 1, at page 3):

"On Wednesday, February 23rd, Mr. Jim Scheu, executive director of the M.E.A. in this district, telephoned me to ask if the Board would be willing to postpone the fact finding meeting and meet with the D.E.A. negotiators to try and reach a settlement on the 1971-72 schedule. I inquired as to what they had in mind relative to the 1971-72 settlement. He said something in the area of a \$2,500 adjustment. My reply was that I would contact the Board, and that I thought we would be willing to discuss this and a reasonable proposal on 1972-73.

We met with the D.E.A. representatives on February 29th, and were presented with an entirely new proposal covering both 1971-72 and 1972-73. There were too many objections to this for us to consider it... [so] the Board...unanimously decided to stay with its (the Board's) final proposal as previously given." (emphasis added)

The "new proposal" advanced by the Association on February 29, 1972, has been withdrawn and is not an issue here. Thus, on the basis of all of the evidence before the Fact Finder, it appears that there is no significant difference, in either philosophy or amount, in the parties' final positions.

The Fact Finder is convinced that the Association is entitled to some additional amount of an adjustment, over the Board's final 4% proposal, for several reasons. First, the Board has failed to demonstrate an inability to pay the increase here recommended. The estimated loss in the general fund cash balance is both speculative and relatively slight. No evidence was adduced to suggest that, because of the increase in teacher salaries, the Board will be forced to go into debt to satisfy school district expenses.

Second, the local effort by the Dundee community in support of educational expenditures leaves something to be desired. Statewide, the Dundee School District ranks relatively low in total instruction expenditure per pupil, total instruction salaries per pupil, average teacher's salary, and total general fund expenditures. It is particularly noteworthy that Dundee ranked last among the nine school districts in Monroe County and 46 out of 49 school districts in M.A.S.A. Region 8 in operating millage rate. Thus, even assuming, arguendo, that there may be a slight loss in the general fund cash balance at the end of the 1971-72 school year, the Board may still look to the community for redress first before being forced to resort to deficit spending.

Third, it is clear from the figures outlined hereinabove, that the largest portion of the increased expenditures forecast by the Board in its budget for 1971-72, is attributable to items other than teacher salaries.

Fourth, the salary schedule proposed by the Board compares favorably with schedules in force in other school districts in M.A.S.A. Region 8; however, the Board proposed salary schedule compares less favorably with other school districts in Monroe County. This the Board recognized in its pre-hearing brief, where it was conceded that (Bd. Ex. 1, page 7):

"We appear to be slightly low in some instances compared to Monroe County Schools, but when the number of contract days and the number of increments are considered our position improves."

Fifth, while it is true that the Dundee teachers presently enjoy a favorable 181 contract day schedule, this figure can be misleading. For example, when Dundee is compared with Ida and Mason (the two school districts of like size in Monroe County), a clearer picture of the "money impact" of the number of contract days can be seen. The chart below shows that the Dundee teachers do not fare any better than the Ida or Mason teachers in "daily pay" by virtue of their 181 contract day schedule:

	Number of Contract Days	B.A. Minimum	B.A. Maximum	M.A. Minimum	M.A. Maximum
Dundee	181	\$7,800	\$12,238	\$8,300	\$13,926
Ida	184	\$8,000	\$12,600	\$8,600	\$13,900
Mason	181	\$7,865	\$12,472	\$8,546	\$13,217

Teachers' "Daily Pay"
(i.e., Yearly Salary Divided by Contract Days)

	B.A. Minimum	B.A. Maximum	M.A. Minimum	M.A. Maximum
Dundee	\$43.09	\$67.61	\$45.86	\$76.94
Ida	\$43.48	\$68.47	\$46.74	\$75.54
Mason	\$43.45	\$68.90	\$47.22	\$73.02

Sixth, the Dundee teachers presently enjoy a comparatively favorable 10-step (nine increment) salary schedule. This is a benefit which has not been granted to the teachers in the majority of the other school districts in Monroe County and M.A.S.A. Region 8. The existing nine increment schedule is a significant benefit gain for the teachers; this benefit and the 181 contract day schedule are important factors which have caused the Fact Finder to recommend a compromise here and to reject the Association proposal of a full 5.4% increment increase. The 10-step salary schedule is especially beneficial if the B.A. and M.A. maximum salaries are competitive or relatively high, because it permits the teachers to progress to the top rate (with high average increases at each step) in a shorter period of time than is required on an eleven or twelve step schedule. Since the agreed minimum and maximum schedules for Dundee rank fairly well when compared with the other school districts in M.A.S.A. Region 8 (albeit less favorably when compared with the eight other school districts

in Monroe County), it is clear that the Dundee teachers are in an advantaged position with a 10-step (nine increment) salary schedule.

Seventh, the Board's proposed 4% increase would create an unduly wide gap between the ninth and tenth steps on both the B.A. and M.A. salary schedules. Under the 1970-71 salary schedule, there was a \$700 differential between the ninth and tenth steps on the B.A. scale and an \$800 differential on the M.A. scale. Under the Board proposed settlement for 1971-72, these differentials would be increased to \$902 and \$1,030, respectively, without any apparent explanation or justification (Bd. Ex. 1, page 15). This would be caused by the parties' agreement to increase the tenth step salary figures by 5.5%, coupled with the Board proposal to limit increases at all other steps (1-9) to 4.0%. The Fact Finder's recommendation, of 4.0% plus \$40.00, will diminish some of this effect. Furthermore, percentage increases tend to favor the higher paid teachers somewhat (in absolute salary gains) and the recommended 4.0% plus \$40.00 will tend to "level" the agreed increases slightly.

Finally, while it is not essential for the Fact Finder to rule on the legal issues involved, it does not appear that the recommended settlement exceeds the 5.5% salary control limit imposed by the Pay Board Regulations which have been issued pursuant to Executive Orders No. 11627 and 11640. As shown above, under the Fact Finder's recommendation, the percentage increase in total salaries for 1971-72 over 1970-71 will be 2.57%; and the average net percentage increase in 1971-72 staff teachers' salaries will be 5.45%. Even if the latter figure is found to exceed 5.5% by some small amount, still no violation of Pay Board Regulations would apparently result. This is so because the teacher increment increases which were due under the 1970-71 schedule are not covered by the 5.5% salary control limit. In this regard, Section 201.57 of the Pay Board Regulations On Computation of Annual Increase in Base Compensation, Effective April 18, 1972, reads as follows:

"For purposes of determining any adjustment pursuant to § 201.55 (b) (relating to adjustment in the average straight-time hourly rate) or § 201.56 (b) (relating to adjustment in the average hourly benefit rate), the following items or factors shall be excluded:

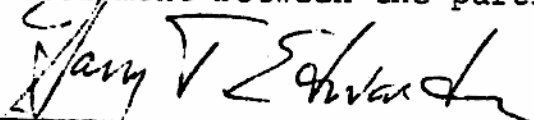
(b) Longevity. Longevity increases in an employment contract in effect on November 13, 1971, or in a pay practice previously set forth and in existence on such date.

These longevity increases must be solely related to the employee's length of service and must operate without significant affirmative exercise of employer discretion or subjective evaluation of the employee's work performance. The only conditions which can attach to the increase are satisfactory work performance and length of service. If it is an established practice that once an individual's work performance for a certain length of time is determined to be satisfactory and the amount of the increase as determined in advance is not subject to any discretionary adjustment, the increase is due to longevity.

(c) Automatic in-grade progression. Progression increases in accordance with a step or series of steps for a given job classification (including increases pursuant to a progression schedule for newly hired employees which meets the requirements of this paragraph) contained in an employment contract in effect on November 14, 1971, or in a pay practice previously set forth and in existence on such date...".
(Title 6, Chapter II, Part 201, C.F.R.)

On the basis of all of the facts, arguments and authorities cited above, the Fact Finder earnestly believes that the settlement here recommended offers the parties a fair and reasonable compromise. Although each side presented many persuasive facts to support its position, neither side was thoroughly convincing. The settlement here posed is not gleaned from any divine source; it merely reflects this Fact Finder's attempt to consider such factors as ability to pay, community effort, cost of living, cost data, salary schedule comparisons with other school districts, budget estimates, and other existing benefit programs, in an effort to find an equitable solution.

It is my sincere hope that this recommendation may become the basis for a satisfactory settlement between the parties.



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