

967

STATE OF MICHIGAN  
DEPARTMENT OF LABOR  
EMPLOYMENT RELATIONS COMMISSION

9/14/82  
RECEIVED  
1982 SEP 15 AM 9-22  
BUREAU OF EMPLOYMENT RELATIONS  
DETROIT OFFICE

FF

In the Matter of  
  
EAST DETROIT SCHOOL DISTRICT  
  
and  
  
EAST DETROIT FEDERATION  
OF TEACHERS  
  
AFT Local 698

MERC FACT FINDING  
CASE NO. D82 H-3574

Michigan State University  
LABOR AND INDUSTRIAL  
RELATIONS LIBRARY

Leon Herman

On September 2, 1982 the undersigned, Leon J. Herman, was appointed by the Employment Relations Commission as its Fact Finder and Agent to conduct a fact finding hearing relevant to the matters in dispute between the above parties, pursuant to Section 25 of Act 176, Public Acts of 1939, as amended, and the Commission's regulations. Accordingly, and upon due notice, a hearing was scheduled and held on September 6, 1982 at the offices of the Board of Education, 19200 Stephens, East Detroit, Michigan.

William G. Albertson, Attorney; D. Louis Christensen, Superintendent of Schools; Robert Benson, Executive Director, Personnel and Labor; and Robert D. Randlett, Executive Director of Business Services, appeared on behalf of the Board.

Mark H. Cousens, Attorney; Henry Linne, Secretary-Treasurer, and Hugh Jarvis, President, of the Michigan Federation of Teachers; Terry Booth, President, and Eleanor Haroldson, Executive Vice President, of the East Detroit Federation of Teachers, represented the Federation.

*East Detroit School District*

The proofs on both sides consisted primarily of summation of exhibits with some little testimony. The Board disclosed that the District covers a small area encompassing four square miles. Homes within the District range from \$20,000 to \$100,000. Eighty-three percent of the property is residential, with 11% commercial and 6% industrial.

The School District operates 13 buildings and employs some 650 persons, of whom 355 are teachers represented by the Federation.

The bargaining between the teachers and the Board has resulted in agreement upon all issues save salary. This was the sole issue submitted to the fact finder. The Union seeks a 7% across-the-board increase while the School District proposes that salaries be frozen, although it will continue to pay step and longevity increases plus the current insurance package.

#### BOARD POSITION

The District has lost student enrollment over the past five years, with the result that the teaching staff has been reduced through layoff and attrition. Since the 1977-78 school year there has been a loss of 2,459 students, equivalent to over 25%. The teaching staff has been reduced from the 1978-79 level of 440 to the 1982 level of 355.

The District is currently operating with a budget of

\$18,483,342. Expenditures are anticipated as \$18,557,378. The excess of expenditures over revenue will be accommodated by \$73,964 carried over from 1981-82 as fund equity. There is no further reserved fund equity; henceforth this District must operate on a cash flow basis.

To balance its budget the Board has made reductions in the general fund in the amount of \$951,784. This has been done by layoffs of a number of teachers and elimination or reduction of programs. Cuts include teachers, secretaries, social workers and athletic programs, in-service education, driver education, adult education and building maintenance. The salaries of all central office and building administrators and all non-unionized employees have been frozen. To add to its problems, the District has been notified of an executive order reducing its anticipated State aid allotment by \$108,132. There is no room for further reductions in order to allow a salary increase. Teacher salaries and fringe benefits presently constitute approximately 60¢ of every dollar expended by the District. Increasing this percentage is neither reasonable, possible nor justifiable.

There is one source of additional income--an authorized but unlevied millage of 3.7 mills which the Board has refused to levy because in its opinion it would constitute a betrayal of the local taxpayers. Details of this subject are discussed below.

It is emphasized by the Administration that 93% of the

teachers currently employed receive a top of scale salary of \$28,115, exclusive of supplemental compensation which converts to a per diem pay rate of \$152.80. Family insurance benefits are at a per teacher cost to the District of \$3,692.32 for 1982-83. The Board does not dispute that the increase in the price of goods and services has had a negative impact upon salaries paid to its employees but that same inflationary pressure accounts for the Board's fiscal problem today.

While the cost of living has increased, it is pointed out that East Detroit teachers have substantially outpaced the cost of living increases for nearly each year during the last ten years.

The law does not permit the Board to operate in a deficit position. To grant the teachers more than the Board has offered would result in a deficit at termination of the 1982-83 school year. This could spur mandatory reorganization of the District. The time for responsible restraint from both parties has arrived.

#### FEDERATION POSITION

The Federation has proposed that the Board grant a 7% salary increase, with payment of the increase deferred to September 1, 1983, thereby bringing it into the following fiscal year. By deferring the payment the Board could levy and collect the available millage which still appears upon the District books. A 7% increase would cost approximately \$630,000. One mill currently generates approximately \$365,000.

The Federation showed through charts and records that granting a 7% increase would rank East Detroit, at MA maximum, eighth among the area schools. To grant the 7% would require imposition of the 3.7 mills.

Eleanor Haroldson, Executive Vice President of the Federation, has been employed by this District for 28 years. She is Chairman of its Political Action Committee and is active in Democratic campaigns. She has been involved in millage drives since 1970. She confirmed that the teachers in this District had also been active in millage drives throughout the years.

Ms. Haroldson reported that the District had held a millage vote on April 7, 1978, seeking 1.85 mills. The millage was defeated by a margin of 3,287 to 2,678.

The Board promptly put a reduced program into effect. It closed two additional schools, increased class sizes, reduced cleaning and maintenance staff, eliminated athletics, elementary instrumental music and school nursing service, reduced transportation and curtailed educational programs at all levels. It further scheduled a second election for May 31, 1978.

#### MAY, 1978 MILLAGE CAMPAIGN

The Board and the teachers instituted an intensive drive for approval of the next millage vote. They supported their efforts with a flood of publications. One on April 20 explained what the Administration was seeking. It read in part:

The proposition this time will be for 5.85 mills; however, this is basically the same proposition that was submitted previously. The Board had earlier decided to use its legal authority to approve a tax of 1.85 mills to repay a loan. Now, however, the Board has decided to submit the 1.85 mills to the people for their approval along with the 4 mills.

The result is the same. If the voters approve the 5.85 mill proposal, the district will be eligible for a special state subsidy equal to 3.70 mills. Thus, the Board will only levy 2.15 additional mills if the proposal is approved.

School taxes in our district totalled 38 mills for 1977-78. Approval of the 5.85 mills will only raise school taxes to a total of 40.15 mills (a 2.15 mill increase).

The second paragraph of the above flyer was boxed and asterisked for emphasis.

The Macomb Daily published an article on the millage on May 24, 1978 which read in part:

State action to bail out the East Detroit Public Schools from a \$3 million budget deficit moved forward on two fronts here Tuesday.

The Municipal Finance Commission authorized the fiscally-strapped district to borrow more than \$1.1 million from private lenders immediately to avert a pay-less payday June 9.

Meanwhile, Senate-passed legislation granting an unusual \$3 million "emergency loan" directly from state coffers inched toward final legislative approval - probably next week - with backing of a House subcommittee.

\* \* \* \*

The May 31 additional millage levy would, if approved by voters, be used to pay back the

state loan and reinstate nearly \$1 million in budget cuts for next year approved by the district's board of education in March. Other program cutbacks, including layoffs and a school closing, would remain, regardless, largely due to declining enrollment.

The newspaper reported on May 30, 1978, the day before the vote:

"The local property owner will pay \$2.15 cents per \$1,000 more," Emlaw explained. "The state would pay the other 3.7 mills. For a person whose property is assessed at \$30,000 - the average assessment in the district - the increase would be 62 cents a week or \$32.25 annually."

Throughout the campaign the Board and teachers emphasized that the cost to the public would average about 62¢ per week on a \$30,000 home. An undated flyer stated:

Without the millage (which averages out to about 62¢ a week):

- \* Closing Two More Elementary Schools - affecting 1,750 children
- \* Overcrowded Classes at all Levels
- \* Cutting School Health Services
- \* Bus Service Dropped for Everything but Required Special Education
- \* Eliminating Sports at the Senior High and All Three Junior Highs
- \* Eliminating Driver Education
- \* Eliminating Student Activities such as Yearbook, Drama, Elementary Band, all Athletics and many others.

And there's much more that will go. If the

millage fails it adds up to failure for our children.

In subsequent flyers the emphasis was placed on the 62¢ per week factor:

YOUR VOTE IS VITAL. A YES vote on May 31st will mean our schools will keep giving our kids a basic education. A YES vote means about 62¢ a week on a \$30,000 home - not much when we see what it will buy.

Another flyer disclosed that an increase in cost on a \$30,000 home would be \$31.25 per year or 62¢ per week. The average East Detroit home falls into the \$30,000 price range.

A later flyer emphasized that "More is still less!" In a graphic boxed display it was shown that "You vote 5.85 mills. You pay 2.15 mills. State pays 3.70 mills." A footnote confirmed:

The State of Michigan has approved a "roll back" feature for property taxes which have been approved by the people in our school district. Assuming the 5.85 mill proposal is approved by the voters, the law provides that 3.70 mills of our operating tax will be paid by the State and will not be paid by local property taxpayers.

The May 31, 1978 vote was favorable to the increase. The Board promptly assessed 2.15 mills. Despite its promises it has since that date reduced a substantial number of programs. It has consistently refused to assess the remaining 3.7 mills which remains open upon the books.



DISCUSSION

The Federation concededly is asking for imposition of the 3.7 mills remaining because it sees no other source of income from which an increase can be derived.

At the close of the hearing I advised the parties that I was in complete sympathy with the teachers' request for additional income. Twenty-eight thousand dollars does not provide for the needs of a family today as it did some years ago. Their salaries have been eroded by inflation to the point where enhancement of their income is essential.

On the other hand, the same problem is faced by the residents of the School District. It is not a wealthy area which could pay additional taxes without feeling the strain. These are primarily working people who themselves are suffering from layoffs and loss of income. They are in no position to increase taxes in order to improve the income of another group of workers.

Moreover, should the Federation members receive an increase in their salaries the same percentage must be allowed to the other employees of the system - custodians, maintenance, secretarial and administrative. There is no room in a 3.7 mill assessment to pay increases to anyone but the teachers, yet in fairness an increase to one group should be accompanied by an increase to other employees of the District.

I have no doubt that, should the Board announce it intended

to impose a 3.7 mill increase, there would be a furore the like of which this City has never before seen. The constituency voted for the additional 3.7 mills because it was assured it was a lure designed to obtain monies from the State--which it actually did--and would never be charged to the taxpayers. The additional millage was voted in reliance upon the good faith and integrity of the School Board. To now revoke its promise would constitute what counsel for the District calls a fraud upon the voters and would put the Board in such disrepute that it could probably never recover.

I have not forgotten that the Board has already short-changed the voters by reducing programs, although it had faithfully promised not to do so. It just did not have the money to support those programs. This is a retraction which the voters can understand and tolerate. What they will not stand still for is a tax increase to improve teacher salaries when they themselves are struggling to keep their heads above water.

In this situation I recommended to the parties, and I hereby repeat, that salaries as presently constituted should be continued without increase for the school year 1982-83.

  
LEON J. HERMAN, Fact Finder

Southfield, Michigan  
September 14, 1982