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ARMADA SCHOOL DISTRICT

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ARMADA EDUCATION ASSOCIATION

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
DETROIT OFFICE

Case No: D79 E1428

The undersigned was assigned to this case by the Michigan Employment Relations Commission by communication dated November 2, 1979. Hearings were conducted in connection with the proceedings on Thursday, November 8th and Saturday, November 10th at which the parties appeared.

In the course of the hearings, the fact finder received numerous well-organized exhibits and formal and informal presentations prepared by the professional representatives and staff members of both sides of the dispute.

The fact finder, in dealing with the single problem presented to him, that is the level of compensation for teachers employed in the Armada School District, was faced with numerous contradictions in terms of the relations between the parties and internal contradictions in the arguments of the parties.

The fact finder summarizes the position of the parties as follows.

1. MEA-NEA Local #1 is a multi employer collective bargaining representative having representation duties in the following school districts: Anchor Bay, Armada, Centerline, Chippewa Valley, Clintondale, Fraser, Grosse Pointe, Lakeview, Mount Clemens, Richmond, Romeo, South

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Armada School District

Lake and Warren Woods.

2. Its membership, like the communities in which it operates, is diverse, ranging from the rural areas to the semi-industrial segments of Macomb County and including Anchor Bay which is an impact district impacted by the presence of military personnel at the air station known as Selfridge Field. Bachelors degree salaries in this group of communities ranged for the 1977-78 school year from a low start at Armada in the amount of \$9,700 to a top pay on the eleventh step in Grosse Pointe of \$19,356 per annum at the top of the scale, Armada was among the lowest paid districts and at the bottom of the scale, it was the lowest paid district.

3. At the Masters degree level, Armada was lowest at the first step and lowest at the last step and lowest in between as to the pay of its teachers. For the 1978-79 school year at the Bachelors degree level, Armada was low at the start and second lowest on the final two steps. At the Masters degree level, Armada was lowest at the start, lowest at the end and lowest at each step, save only Step 9.

According to MEA-NEA Local #1, among the districts which they proposed to compare, the median settlement was approximately 18.3%. The demand in Armada was 19.4%. The high in the other districts where settlements were reached was 19.4% and the Armada Board of Education proposal amounted to 13%.

The proposal by MEA-NEA Local #1 is predicated upon comparisons within its constituency and its claim is this; that community identity is appropriate. They also state that Armada is as much like its sisters in Macomb County as it can be. Further, they allege that there is such a broad community of interest, including membership in local county associations, geographic and political locations within a single governmental unit, and other factors which make MEA-NEA Local #1 the appropriate comparative unit. These positions are not conceded by the Board of Education in Armada.

The presentation by the collective bargaining representative would lead one to conclude that, at the maximum BA salary, if the Armada Education Proposal were adopted by the Board, pay for teachers at the last step would be twelfth among thirteen districts. Two hundred fifty-nine more than Chippewa Valley and \$589 less than #11, Clintondale. If the Armada Education Association Proposal was accepted for maximum MA salaries, that Armada would be thirteenth out of thirteen districts, that the pay would be almost \$1,409 less per year than the next highest district. Further, the Education Association computed their studies based upon the assumption that the full requirement of COLA would be met. See Exhibit #13.

The Education Association goes on to argue that if the Board's proposal were accepted, that Armada would be thirteenth out of thirteen at the Bachelors level, thirteen

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out of thirteen at the Masters level. That the underpayment at the Masters level would be very close to \$2,000.

Exhibit #12 contains the following claim. At the BA level, the Board proposes to drop Armada teachers to the bottom of this ranking by over \$900. At the 1978-79 level the difference between Armada #13 and Richmond #12 at the MA level amounted to \$1,396 less for Armada teachers. The Board proposes to more than double that to \$2,809.

The Local #1 argument relating to Armada was predicated upon the contention that the Board of Education's Proposal not only would result in a continuation of sub-standard rates of pay in Armada, but would widen the gap between Armada and its comparator districts. Local #1 argues that the school district is building general fund equity while underpaying its teachers. The Local also contends that the general fund equity of \$372,287 can and should be invaded to meet reasonable standards in providing compensation for the teachers. They argue that the Board's position, that the fund equity represents less than \$175,000 in useable dollars is untenable. The collective bargaining representative is looking for a cost of living adjustment based upon true percentage increases in the cost of living by standard scales to wit Consumer's Price Index, CPI all items for urban consumers for the Detroit metropolitan area, and that there should be a maximum limitation on the increase at each step of 6% and that this should be paid in a single

lump sum at the end of each year in the contract, and this contract would be for two years. The collective bargaining representative further argues that this fund equity at a ratio budget of 12.07% which is far higher than in any district was accumulated and continues to be accumulated as a result of not paying the teachers, that to which the teachers are and should be entitled.

The definition offered by collective bargaining representative of fund equity is as follows. "Fund equity is the excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period. In all cases, this fund includes some costs (value) of buses which are to be paid over five (5) years not be fully paid in each year."

The fundamental position of the collective bargaining representative can be summarized as follows.

1. The district is well able to afford to meet the contract demands of the collective bargaining representative and even if it does, teachers in this district will be paid significantly less than other teachers within the jurisdiction of Local #1.

2. The accounting systems and procedures have to some degree been tailored to permit the accumulation of

surplus while underpaying the teachers.

3. The School Board continues some programs in spite of losing millage elections, even when the programs continued would be the programs most likely to bring millage support if discontinued. Extra-curricular activities, team sports and many similar activities would bring a hue and cry for additional financing if discontinued, but if continued in spite of the loss of millage elections would draw no significant support from the community for continuation or enlargement of millage.

The School Board's positions are as follows, as outlined in public and private discussions with the fact finder.

1. Paying teachers more does not automatically guarantee a better education for the students.

A. Some of the new teachers have better ideas and do a better teaching job than teachers who have been around longer and, therefore, there is a greater benefit, for dollars spent, in having a younger staff.

2. The comparisons used by the collective bargaining representative are inappropriate and unfortunate because Armada is more like the school districts in the lower thumb, Armada compares most favorably with those districts.

3. The political situation is such that the voters are unable and unwilling to accept additional levies of taxes that would permit the school district to pay the kind of money

that the teachers are asking and still maintain the current level of programs, and that programs would have to be eliminated.

4. The teachers' requests are an automatic trip into deficit financing because the true reserves of the district are not represented by the fund equity.

ANALYSIS

This fact finder has listened to the self-serving biased statements of both sides of this dispute for the better part of two days, and has concluded that both the School Board and the Union are unable or unwilling to perceive the views of the other side as being potentially appropriate and certainly honestly held.

Although I would disagree with some of the views expressed on both sides because I believe the positions taken are mistaken, I do not question the basic integrity of either side in putting forth its views to this fact finder for review. I think some of the views should be dealt with and disposed of, however, in an almost summary fashion as they represent a shallow type of thinking which is inappropriate to the circumstances.

1. Although some new teachers may come to the classroom with fresh ideas and fresh techniques, that does not guarantee that because of freshness, that there will be a better level of performance in the classroom. To believe

and to espouse that such a guarantee will exist is to be totally oblivious to the worth of experience, developed sensitivity, maturity and the respect of the students which comes with an appropriate display of maturity, not necessarily age.

To say that a turnover in teaching staff which would permit or suggest a lower cost of education because the teachers who would be doing most of the teaching are lower on the pay scale is to ignore the principles upon which the Teacher Tenure Act was established and to ignore other principles which would tend to indicate that education is a process that involves a combination of enthusiasm, training, education, sensitivity, maturity and intellect; all factors which cannot necessarily be measured on finite scales.

2. The Board's suggestion that the purchase of transportation equipment has a priority in dealing with the Board's surplus or fund equity has some basic faults and although this fact finder is not sure that the teacher's position is entirely tenable, he is concerned over the apparent conflict in positions and the failure of recognition present on the face of this aspect of the dispute.

Review of the Board's system of priorities as expressed in their carefully prepared exhibit, including materials from budgets and digests of analysis of cuts made following millage defeats in prior years is indeed a source

of interesting information. On page 25 of the Board's analytical documents, there is a clear reflection that the Armada School District has pegged its expectations to a millage rate of approximately 25-1/2 mills and has consistently rejected new and combined millage while with some degree of consistency, renewing millage.

The net effect apparent to this fact finder has been that in a period of high inflation, those voters in the district who choose to exercise their franchise, also choose to ignore increasing costs of operation of the system and the price of inflation is being exacted of the students and teachers within the district by reason of that choice.

It is interesting to note that presumptively the majority of students in the district have two parents, and there are 1,691 students in the district and even though some of the students come from multiple student homes, votes in favor or against millage in almost every election since 1972 have been less than the total number of students within the school system.

Total votes of approximately 1,100 in the April election, 1,000 in 1978, 1,000 in 1977 and 1,251 in 1976 all would lead one to conclude that there is an apathy that is going to penalize the students in the district to the extent that they are going to have great difficulty in competing on even terms with other people of like age. It is fact that the educational opportunities are diminished

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by refusal to recognize that the cutting of programs is not the answer to inflation.

Teachers, like other persons who reside in the area, must buy food, clothing and other items which have the tendency to escalate in cost during inflationary periods and their costs have a tendency to rise just as do the Board's costs in buying fuel, oil, gasoline, paper and books. A failure to recognize this by providing adequate funds to meet these needs of the teachers is to invite a disaster.

To simultaneously refuse to pay the costs of educating and curse the gains that the totalitarian nations are making in the educational process and in technological education seems to be the height of folly.

Defeats of local millage proposals would indicate that after previous millage defeat, programs not reinstated involve substantial cuts in programs originally incorporated in the proposal to develop significant consciousness of literature, music, art, business and english for a savings of \$160,000. It also shows that planned programs were eliminated to the tune of \$180,000. Again, the planned programs had a tendency to essentially direct themselves to educational attainments on an intellectual level; librarians, counselors, special education teachers, programs for the educationally talented and administrative staff to

support these programs.

However, buses keep on being purchased, fund equity increases, and the only evidence before this fact finder indicates that sports programs, extra-curricular activities continue and all of these are financed at the expense of the student who needs an education to compete on a rational basis in the economic market of the metropolex.

It is the view of this fact finder that he should not impose a deficit on the School Board, but that he should make recommendations that would not require teachers to fall further behind their peers while the fund equity remains intact and that his recommendations which follow hereafter would not create any broad dislocation in the School Board's financing programs, but at the same time would encourage a joint mutual effort by the Board and the teachers to acquire adequate school financing, not only to pay for the increases in salaries and expenses of the board. Those salaries and expenses which in fact would be increased as a result of this fact finder's recommendation, include those salaries which would piggyback on the fact finder's recommendation as a matter of course (administrator's salaries), and those expenses over which neither party has any control. It would also provide a program where the district would be encouraged to have an effective library program once again, have an adequate number of business teachers, an adequate number of english teachers and adequate staff to support them. A school system without

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an adequate library program and without programs designed to assist students in the appreciation of art, literature and music are in fact sadly deficient and do not educate their kids, but only diplomatize them and throw them out into the world ill equipped to compete for the best positions available.

Accordingly, the fact finder recommends:

1. That, during the first year of the contract teachers' salaries be increased in terms of the base salary by 5%, and that in addition, their salaries be increased in an amount equal to the true percentage increase the Consumer Price Index for Michigan, all cities, all factors, up to a maximum of \$450 in cost of living adjustments. The fact finder further recommends that this base adjustment be applied at both the Bachelors and Masters degree level to the base salary and to specific salary additions for extra-curricular activities, but that it not be applied to the incremental amount and that both the salary and the cost of living adjustments be confined to the base level. That is to say, that the percentages will not be applied to the incremental differences between levels. Therefore, if the step level differs between Step 3 and Step 4 by \$100, it will continue to differ by \$100 for the first year. At the end of the first year all cost of living adjustments will be folded into the succeeding base salary.

2. In the second year the fact finder recommends an increase in base salary including the folded in previous

year's cost of living adjustment be increased by a factor of 4% and that in addition, a cost of living adjustment clause in the form proposed by the collective bargaining representative be incorporated into the contract provided, however, that the cost of living adjustments that are under shall be based upon the true percentage increases in the Consumer Price Index, Michigan all cities, all products and services with a limit of 6%.

It is the further recommendation of this fact finder, that both the salary increase and the cost of living be applied at each step of the salary schedule and to the supplemental pay schedule in the second year.

It is the further recommendation of this fact finder that both the Union and the Board of Education become involved in a steady and consistent program of voter education designed to advise the voters of the needs of the educational system, the needs of the children, and the methods which may be employed to finance such needs, and that it enlist the aid and the assistance of the clergy in the community as well as the students themselves; that Armada turn out the best equipped students that it can turn out to compete in life.

In closing this report, the fact finder wants to draw attention to the fact that he is not impressed by the comparison which the School Board would have him make with the largely rural districts in the thumb which are not commonly and ordinarily included in the metroplex concept.

Also, this fact finder, even if he were impressed
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with the comparisons to some degree, would be hard put to justify Armada having a current salary range which would bring it below most of the communities in the starting ranges and at best close to the median of the communities with which it desires to be compared.

One thing can be said about this situation, about which the fact finder is possessed of absolutely no doubt, is that fund equity should not be increased while programs and necessary staff are being reduced.

While I am sympathetic with the fact that my proposals may involve increased tax burdens for the residents, I am also sympathetic to the children whose education is bound to suffer if we are not prepared to make the necessary economic sacrifices to educate them.

This fact finder realizes that the method of funding education in Michigan is not necessarily the most modern, the best, the most sensitive, but it is the fact with which we have to work.

I commend to the intention of the Board, the fact that the Headlee amendment mandates that where new burdens are placed upon the local unit of government as a result of state action, that those new burdens are to be funded by the state. I believe sincerely that the Board of Education in Armada is going to have to pay careful and special attention to changes which although they may appear to be mechanical, are significant in terms of the transfer of economic burdens.

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Care should be taken that locally mandated programs to meet local needs should be funded by local funds and increases in costs required by state mandated programs should be borne by the state and its taxpayers.

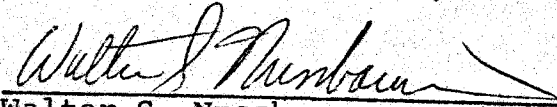
It is my view that the recommendations which I have made fall well within the Board's ability to pay and are somewhat short of the teachers' expectations, but are fair, reasonable and rational considering all of the factors involved.

I note that I found the view of the collective bargaining representative with regard to the economics of the relationship much more reasonable and credible than the view presented by the Board of Education and accordingly, I have placed a greater weight on the evidence submitted by the teachers.

I do hope that this does not give offense to the Board of Education, but only highlights the fact to them that a different perspective is available.

I once again want to reiterate that the teachers, the students, the School Board and the parents must live together, and to do so adequately they must make mutually satisfactory accommodations.

Respectfully submitted,


Walter S. Nussbaum

Dated: November 27, 1979

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