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6/23/89

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Fact Finding

AUGRES-SIMS SCHOOL DISTRICT

and

Case No. L89 A-59-B

AUGRES-SIMS EDUCATION ASSOCIATION

FACT FINDING REPORT

Prepared by:

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Augres-Sims School District

INTRODUCTION

The undersigned was appointed by the Employment Relations Commission after a request for Fact Finding by the Union after attempts by the parties to complete collective bargaining was unsuccessful. A hearing was rescheduled and conducted on Thursday, May 4, 1989 at the offices of the employer.

APPEARANCES

FOR THE EDUCATION ASSOC.

Shari Christie
Alice McLeod
Bill Nixon
Floyd Fitch

FOR THE SCHOOL DISTRICT

Carl Litwiller
Leonard Tyler
Thomas Hienrich

Pursuant to Article XIII, paragraph B for negotiations in 1988-89 only four areas of the contract could be negotiated.

1. Salary
2. One item chosen by the Association
3. One item chosen by the Board
4. Article V, Section P with respect to preparation time.

The Association chose sick leave bank as their negotiable item and the Board chose insurance, as its negotiable item.

At the time of the Fact Finding there was an impasse on all four issues.

At the time of the hearing, the parties referred to a document dated May 2, 1989 identified as Exhibit E8 which was the Board's proposal.

As the hearing progressed, there seemed to be a general agreement on some items. Essentially the Board proposed a 5 percent raise for each of two years; revised health insurance coverage to reflect the addition of the predetermination rider change from 0

to a \$2.00 co-pay and the elementary teachers would receive \$225 minute prep time with the understanding that if financial conditions warrant a financial hardship on the District, the portion of the contract can be renegotiated by mutual consent. The Union, at the hearing, indicated that it would agree to the health insurance proposal as proposed by the District if there was agreement on the prep time language. There was some ambiguity amongst the parties as to the interpretation of the prep time language, but during the course of discussions, it became evident that the parties were in agreement and that the Board agreed to the Union's request and increased the prep time to 225 minutes per week.

The Board wanted a package deal; a 5 percent raise for two years, any of the health insurance options and their prep time language. In addition, the Board would pay an \$800 annuity for those who qualify, if at least 5 persons participated in 1989-90. It is my understanding that under those circumstances the Union would forego the sick bank issue. Thus, in summary, without consideration of salary, the Union would agree to the Board's position on insurance, the Board would agree to the Union's position on the elementary prep time and the teachers would forego the sick leave bank issue in exchange for the proposal on the \$800 annuity, leaving only the issue of salaries in dispute.

The Fact Finder requested that the parties review their salary positions in light of information produced at the hearing. Since it was the Fact Finder's perception that the parties were not all that far apart, it was hoped that an agreement could be

reached. Unfortunately, the Fact Finder was advised by the parties that they could not reach accord and thus a recommendation will be made on that issue.

The Union proposed three options: (1) 8.6 percent for 1 year (2) 6 percent for 1988-89 and 5 percent plus longevity in 1989-90 as per the Tawas Contract; or, (3) 5 percent in 1988-1989, 5 percent 1989-90 and 5 percent plus longevity in the third year. The Board's proposal as set forth in Exhibit E8 would be a two year contract for 1988-90 with a 5 percent raise on each step for each year.

In support of its proposal, the Union indicated that they should be paid wages comparable to those in Region 12. They argued they had accepted a 4 percent raise in 1987-88 so that the millage request could be passed and that in fact 3.9 percent additional mills did pass. Additionally, SEV has increased roughly 10 percent from 70 to 77 million and that the Board apparently has the ability to pay. The Union indicated by Exhibits that the District ranked 44th in SEV, 130th in administration salaries, 180th in support salaries, 184 in per pupil spending and 443rd in teachers salaries. This is based upon figures provided by the State Annual Survey. In support of its suggestion on comparability, they pointed out that they only have a BA and MA schedule whereas many other districts have BA plus and MA plus, such as Standish, and they don't have any bonus for longevity in the 10th or 11th year as many other districts do. For example, Tawas has a bonus for each year past the 10th step at 4 percent for each year from the 11th through 13th year. Only after 20 years in Au Gres is there a longevity; a

teacher receives \$500 for each year through the 24th year, at the end of the 25th year, \$1000 for each year thereafter. The existing BA base for 1987-88 is \$17,652.96 and MA base is \$18,993 the 11 year top step BA is \$27,311 and MA is \$29,994. A five percent increase would make the BA base \$18,535 while the median for the region would be \$18,839, according to Union Exhibit 3 and the MA base would be \$20,060 under the median for Region 12.

The existing 1987-88 cost to the District for all teacher salaries is \$814,671 and a 5 percent increase would add \$23,686 in 1988-89 and \$78,845 in 1989-90. The cost in 1989-90 according to Exhibit E4 would include one new teacher at \$19,463. The request to go to the median of the Region is an 8.6 percent increase. The cost is the difference between \$885,053 and \$838,557, or an additional \$47,496 for the 1st year at 8.6 - at 5 percent the cost as stated above is \$23,686.

The Board's position was not necessarily the inability to pay, but the allocation of admittedly tight resources. The Board acknowledged the Union's acceptance of the 4 percent pay increase in 1987-88 and the fact that there was a united front between the Board and the teachers with respect to securing the additional millage. Also they acknowledged that the SEV has increased, but they point out that there is a TIFA reduction plus a Headlea reduction so that the total amount of SEV available to the district is not \$70 million as certified in 1988, but in reality is \$68,000,099. Admittedly, the SEV has increased. In 1985 it was \$64 million, in 1987, \$66.6 million and in 1988 it was \$70.3 million (all unadjusted). Thus, there does appear to be an

ability to pay based upon the existing millage and slightly increasing SEVs. The Board projects either a 3 or 4 percent SEV increase and also the proposed budget which was Exhibit E3 for 1988-89, 1989-90 projected salary increases of 5 percent for each of those years. Thus, what the issue really boils down to is not necessarily shall there be an increase, but shall there be an increase of 5 percent which has been budgeted by the Board for the next two years, or should the increase be 8.6 percent as the teachers have requested to bring it up to what they say is the median of Region 12 or whether the increase should be either of the other options that the Union proposed. .

In arriving at the appropriate salary, we get to the issue of comparability. The union is suggesting that the median for Region 12 is what comparable wages should be whereas the School District points out that the median is derived from a cross section of school districts which are dissimilar to Au Gres. For example, in Exhibit E1, Au Gres has 555 students and of the other districts in Region 12 in the 501-750 student range, Standish is a B school, Ogama is a B school, Alcona, Tawas, Whitmore-Prescot are C schools and the D schools are Hale, Mio, Fairview, Arenac-Eastern and Au Gres-Sims. In looking at comparability, the student size is significant and it would seem that schools in the class D sizes ought to be compared. Location is also important as is rural versus urban. Standish is alleged to be too large and more of a suburban as opposed to the more rural aspects of Au Gres. Tawas may be somewhat analogous, its close as a Class C school and has somewhat the same characteristics of Au Gres because of its proximity to

water and recreation values and its available resources. However, the obvious closest school districts would be the other Class D Schools, Arenac-Eastern, Mio, Hale and Fairview. It is pointed out that Mio and Fairview are both out-of-formula districts and therefore Hale and Arenac-Eastern might be the closest comparisons as Class D rural communities. The BA minimum in Arenac-Eastern for 89-90 is \$17,640 slightly below the \$17,652 for 87-88 in AuGres. In Hale for 1989-89 the BA minimum is \$18,839 which is obviously higher than the \$17,652. Hale's MA minimum of \$22,059 is also higher than the \$18,993 in AuGres, but the Arenac-Eastern MA minimum of \$18,222 is below the AuGres 1987-88 \$18,994. The BA max and MA max in AuGres and Arenac-Eastern are almost even and as compared to Hale, AuGres, is about \$1000 behind Hale.

When one looks at all these numbers and tries to sort them out and tries to equate comparability, it seems that the proposal for 5 percent for 88-89 is more reasonable than 8.6 percent. AuGres is not grossly underpaid in relation to most comparable districts and is higher than in others, some of which are larger districts. The lack of longevity or the lack of ability to grant rewards for an older teacher staff seems to be the real issue in AuGres. Seven of 20 BA teachers are at step 10 or above, and at the Masters level there is one teacher at the 9th step, one at the 10th and 10 at the 11th step. With a significant number of teachers at the advanced steps, the percentage increase is more favorable to them in dollars, but the ratio is maintained from top to bottom. The only way to provide additional economic benefits to those teachers would be to build in some kind of longevity.

Unfortunately there was very little presented on the record with respect to longevity. The Tawas contract was offered as an example of receiving a bonus of 4 percent for each year past the 10th step, but apart from that there was very little information regarding what an appropriate longevity program might be. There was attached to the Union proposal, the Alcona longevity language. However, its difficult to say that longevity should be granted without a real indepth evaluation of comparable longevity proposals. Thus, the teachers' request for 6 percent in 1988-89 with 5 percent plus longevity in 1989-90 or 5 percent in 1988-89 and 1989-90 and 1990-91 with longevity and 1990-91 are difficult to evaluate and interject the longevity factor without a thorough record.

It would ultimately be the recommendation of the Fact Finder that a two year contract be agreed to with 5.5 percent in 1988-89 and 5.0 percent in 1989-90. This would provide slightly more money than has been budgeted by the Board, but it begins to address the issue of longevity since the extra half percent in reality could be construed to be a bonus and since the majority of the teachers are at the highest steps, there would essentially be some kind of recognition of their longevity. Admittedly, the extra half percent goes to everybody and does not address the longevity issue head on.

The Board has presented a reasonably compelling picture that additional millage is going to be necessary in 1990 and assuming those were to pass, there may be additional resources to accommodate a contractually negotiated longevity provision and/or provide different levels of BA and MA such as BA plus 10 or MA plus

10 which are essentially the same thing as longevity. These concepts can be explored in the total collective bargaining process. There may be give and take on other issues. The teachers have agreed to accept the Board's insurance program which creates more expense for them and holds down insurance costs for the Board. All of these issues are relevant to each other and in the give and take of collective bargaining under a new contract, when all provisions of the contract are open for negotiations and hopefully all millages are in place, the parties may feel strongly about one or more issues so that they can have the flexibility to give or compromise as they deem best.

It is hoped that this recommendation may be of assistance to the parties in resolving their dispute.

Respectfully submitted,

DATED: 4/27/85

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