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In the Matter of Statutory Factfinding between:

**WOLVERINE COMMUNITY SCHOOL DISTRICT
Employer**

Factfinder

-and-

Ben Kerner

**NORTHERN MICHIGAN EDUCATION
ASSOCIATION, MEA/NEA,
Union.**

MERC Case No. L05 I-3007.

Hearing: May 11, 2006
Petoskey, MI.

Briefs filed by: June 26, 2006

FACTFINDER'S REPORT AND RECOMMENDATIONS

Appearances:

For the Employer: Martha Marcero
Thrun Law Firm, P.C.

For the Union: Terry Cox
Uniserve Director

Also present: Carol Barrett, Ruth Beier, Dan Coale, Susan Denise, Laurie Greenway, Rhonda Granger, Joe A. Hart, Lisa Hollenbeck, Linda Janoche, Denise Leese, Michael Mattson, Gary Phillips, Linda Poznanski, Ron Stablein, Brent Sturtevant, Jennifer Sumbera, Jim Van Antwerp.

Dated: July 5, 2006

BACKGROUND AND STATUTORY AUTHORITY.

The School District is a Class B district. It had (in 2005-06) 338 students and 25 teachers, who are represented for collective bargaining by the Northern Michigan Education Association, MEA/NEA (the Union). The parties are signatories to a collective bargaining agreement effective by its terms from September 1, 2004, through August 31, 2005. The parties have been bargaining for a successor agreement, when the Union decided that the bargaining would be aided by the public review of all issues in dispute and the making of recommendations for settlement by an uninvolved, third-party neutral. By petition dated December 20, 2005, the Union submitted its request for factfinding to the Employment Relations Commission. On February 2, 2006, I was appointed by the Employment Relations Commission as the Factfinder in this matter. My authority derives from the Labor Mediation Act, MCL 425.25 et. seq., which recites that the Commission, in order to resolve labor disputes, may on its own or through an agent, hold hearings to make the facts of a labor dispute publicly known and to recommend terms of settlement.

I held a pre-hearing conference on February 15, 2006, at which several of the issues were identified as subject of tentative agreement. In addition, the parties identified the following communities as appropriate comparable communities for the purposes of this hearing: Alba, Boyne Falls, Ellsworth, Inland Lakes, Littlefield, Mackinaw City, and Vanderbilt. Over the ensuing months, a number of issues were settled by the parties, resulting in a shortened list of issues for hearing, as follows:

- Issue 1: Timing of layoff notices
- Issue 2: Unemployment payback
- Issue 3: Class Size
- Issue 4: Health Care benefits
- Issue 5: Salary Schedule Placement
- Issue 6: Retirement payout
- Issue 7: Tuition Reimbursement
- Issue 8: Longevity pay
- Issue 9: Salary (and retroactivity)

With ample notice to both parties, these issues were noticed for hearing on May 11, 2006. At the hearing, both parties were represented, as shown above; each party was afforded full opportunity to present evidence in support of its position, and the parties have filed briefs in support of their positions on the issues in dispute. My findings and recommendations follow.

Issue 1: Timing of layoff notices.

The current contract restricts the Board from laying off teachers, except upon proper notice, defined as follows:

Section 2.9B. In the event of or need to layoff, the Board will not lay off teachers having valid contracts during the school year. Teachers who will be laid off for the following school year will receive notice 30 days prior to the end of the current school year. Layoff notification shall be allowed during the summer break period but must occur prior to July 1.

The Union intends to keep this language, which it says affords the teachers ample opportunity to change their life plans, in the event they are subject to lay-off.

The School Board would change the language of this section to allow to 60 days notification of layoff. This change, says the School Board, is appropriate because the Employer receives late-breaking changes in its State Foundation allowance and needs the flexibility of laying off teachers on 60-days notice.

The evidence consisted of the Union's assertion of a bargaining history of 33 years for the current contract language. The Union also marshaled the provisions of comparable school districts' contracts in support of its demand: 4 of the seven comparables have contract provisions prohibiting layoff of teachers except at the beginning of the school year, upon either 60 days or 30 days notice; 2 comparable districts have provisions similar to the Board's proposal, allowing layoffs at any time during the school year, upon either 30 days or 60 days' notice (Mackinaw City and Boyne Falls); one district (Alba) has a combined or blended contract provision, whereby layoff at the beginning of a school year is preferred; but upon 30 days notice and for valid reason, a layoff can be effected at the beginning of the second semester.

The factfinder is persuaded by the factors of the lengthy bargaining history and the prevalence of a parallel condition of employment at 4 of the seven comparables. The School Board has also not shown that it does not have the necessary flexibility to deal with possible downturn in enrollments, shortfall in revenue or curtailment of programs; the traditional way of dealing with these adversities is

to layoff as many teachers as may be necessary in April-May to meet the contingencies, and then put them back on active duty in the fall, as warranted. In view of this system, there is no need to change what has worked for 33 years.

RECOMMENDATION: On Issue #1, the parties are commended to settle on the basis of the Union's proposal.

Issue 2: Unemployment payback.

The Employer would insert language in Section 2.9 to recoup unemployment compensation monies, as follows:

Section 2.9. J. A teachers who is laid off and who is paid unemployment compensation benefits (associated with his or her regular teaching assignment) during the summer immediately following the layoff and who is subsequently recalled to the teaching position at the beginning of the next school year will be paid according to an annual salary rate, such that his/ her unemployment compensation plus that annual salary rate will be equal to the rate of salary he /she would have earned for the school year had he/ she not been laid off.

The Union says that the requested change is unacceptable. The Union's position is that the Employer seems to want it both ways: If a laid-off employee is entitled to Unemployment Compensation under the law, then they should be allowed to have it. If they are subject to recall, because of a change in the School District's Foundation grant allowance, or other new budget information at the beginning of the School year, then they are entitled to resume their jobs. The Union also points out that among the 7 comparable communities, only 2, Inland Lakes and Littlefield, requires payback.

The Employer argues that the teachers who are given lay off notices in April continue to collect their pay during the summer; and they are also entitled—

in the event that they have no expectancy of recall—to collect unemployment insurance. "The District proposes that unemployment compensation be repaid so that the employee does not receive more than they otherwise are to be paid," argues the Board. [E'er. Brief, p. 24]

RECOMMENDATION: While I recognize that the comparable communities have made a different choice in this matter than the School Board for the Wolverine Community School District would make, I nevertheless find that the Board's proposal has the benefit of making teachers whole, while not at the same time enlarging the compensation that members subject to lay off notices would actually receive. Thus, I recommend that the parties settle on the basis of the Board's proposal on the subject of Unemployment Payback.

Issue 3: Class Size.

The Employer would include the following provision at Section 3.6:

C. If the maximum class size is exceeded by more than two students due to mid-year layoffs, the elementary teacher will be paid \$7.00 per day that the class size is exceeded and secondary or elementary specials teachers will be [paid] \$1.00 per period after the third student. Payment shall be made at the end of each marking period.

The Union wants to have the following language at Section 3.6:

C. The compensation for numbers exceeding the maximum will be \$14 per day per student in the elementary. The compensation for numbers exceeding the maximum will be \$2.00 per period, per student in the middle/ high school.

The evidence consisted of a recitation by Superintendent Denise that as long as the Board has the class size grant, class sizes will remain small. The

goal, she said, is to have classes of 20 or fewer students. She recited current class sizes as follows:

K = 20

1st grade= 20/19

3rd grade= 15/16

4th grade= 12/13

5th grade 25

6th grade= 20

7th grade 15 or fewer (in core curriculum)

9th grade 15 or 18 (in core curriculum)

There is little reason to suppose that the Board's requested class size payment would not act as a significant incentive to the Board to limit class sizes. It is a modest recompense to teachers for the added load of having extra students in their classrooms. It therefore appears that the Board proposal is adequate to deal with the problem.

RECOMMENDATION: It is recommended on issue #3 that the parties settle on the basis of the Board's proposal.

Issue 4: Health Care benefits.

The teaching staff of Wolverine Community School District currently enjoy a fully paid 12-month family health insurance plan, designated MESSA Super Care I, \$5/10 Rx; \$50/100 deductible plus VSP 3 Gold vision insurance and a dental plan, long-term disability insurance and life insurance.

The Employer proposes to reimburse all bargaining unit members for health insurance benefits for full family for 12 months of each year subject to the following:

Maximum Board contribution for fringe benefits (health, dental vision, life and long-term disability insurance) of \$1350 per month for 2006-07 and \$1400 per month for 2007-08. The Board will establish a Section 125 plan for pre-tax employee contributions. Ability to switch health insurance plans to be at the Association's discretion.

The Union's health insurance proposal is as follows:

The Board shall provide to all bargaining unit members fully paid benefits for full family for 12 months of each year as follows:

Plan A: For employees selecting health insurance:

- MESSA SuperCare I \$100/200 deductible for 2005-06;
- MESSA Choices 2 for 2006-08, \$5/10 preferred RX program (not reimbursed by the Board).
- Vision: VSP-3 Platinum.

In addition, the Union, like the School Board, proposes for consideration the establishment of a Section 125 plan:

The Employer shall adopt and implement a qualified plan document which complies with Section 125 of the Internal Revenue Code. The Employer shall provide a cash option in lieu of health benefits. The case amount shall be equal to the Super Care I single subscriber rate of the current year. The cash amount may be applied through a Salary Reduction Agreement by the bargaining unit member toward any tax-deferred annuity program currently in place

The evidence involved a considerable presentation by both sides on the subject of the Board's budgeted and actual, audited expenditures, highlighting the amount and changes in fund balance; the amount and changes in health insurance costs; and inferences to be drawn from such data.

In summary form, the evidence shows that the Board had an amended budget of \$3.573 million in the most recent year; approximately 83% of it went to personnel costs. Approximately 22% goes to the various insurances which are currently in effect (MESSA SuperCare I; Vision VSP-3 Gold, plus dental, long-term disability, and life insurance).

The Union requests a continuation of its MESSA-administered program, with a change from the fee-for-service model of the SuperCare I to the preferred provider model of Choices 2. The Union points out that there will be premium savings of approximately \$100 per month per member in making this switch.

The situation in comparable school districts is that the Employer pays the costs of health care in every one of the seven comparable districts. The underlying health insurance may be Choices 2, instead of SuperCare I, but the payment mechanism is uniformly for the districts to pay the costs of coverage. So, too, do the comparable school districts pick up the costs of the other insurances, designated as "MESSA PAK"—dental, vision, long-term disability, and life insurance. And, the other school districts generally allow for the payment of cash in lieu of health insurance, to the extent of the premium for a single subscriber.

The ability of the Employer to pay these costs was a subject of debate at the hearing in this matter. The Board budgeted general revenues for 2005-06 of \$3.3 million. The evidence shows that the Board .had a fund balance in 2004-05 of 26.91% of revenues. The recommended fund balance for districts the size of Wolverine is at least 15%, acknowledges the Board's Business Manager, Joe Hart. Thus, in summary, says the Union, the Board is in an excellent fiscal posi-

tion, and should be able to afford the insurance package that the Union is demanding. The Union points out that by suggesting that the health insurance vehicle be the preferred provider organization model of MESSA Choices 2, instead of SuperCare I, there will be significant premium savings, in the neighborhood of \$100 per month per member.

The Board argues that its health insurance costs are more than the usual, for either national or statewide comparables. Nationwide, health insurance costs \$10,880 per employee and the average employee contributes \$2,713 of that. [Bd. Exh.35, p.2]. More than 90% of employees nationwide pay some portion of their health insurance costs. The nationwide increase in insurance premiums has been 73% over the 5 years since 2000.

Wolverine teachers's health insurance costs \$16,204 [Bd. Exh. 39] and teachers no not contribute to that cost. The increase in costs, measured by MESSA premium rates, has been 121% from 1999 to 2005. [Bd. Exh. 38]

Statewide, teachers' health insurance costs, says the Board, have exceeded those of other public employees. According to the Hay Group, State employees 's health insurance costs \$9,212, a mid-sized university's employees' health insurance costs has been \$9,723; a large township government's employees' health insurance costs have been \$9,723, whereas teachers' health insurance costs have averaged \$11,362 (2005-06). [Bd. Exh. 40A]. In both private and public employment, most employees are expected to contribute to the costs of their health insurance (premium contribution averaging over 25% for all workers, family coverage, nationwide, according to the Kaiser Health Benefits

annual survey, E'er Exh. 36). Thus, what is reasonable to be done with teachers' demand for "Cadillac" health insurance should be measured, to some extent, against what is done in the remainder of the public sector in Michigan and elsewhere, says the Board.

I have reviewed the data submitted by both sides. I find that there is a likelihood of increases in health insurance premiums, even with a switch from SuperCare I to Choices 2. Past increases have been as steep as 20% per year over 6 years. It seems reasonable for the School Board to want to protect against future cost increases in health insurance. Since it cannot realistically bargain for changes in coverage or benefits, given the nature of the MESSA State-wide program, it can only control its costs by cost-sharing or by instituting a cap on the amount of insurance premiums it will pay, and requiring the individual subscribers—its teachers—to pay the balance of any increases experienced.

The precedent of other comparable school districts is instructive, but not persuasive, given the broader context of what's happening in the public sector in Michigan and in employee benefits, generally. In reviewing what's happening in the broader world of employee benefits, I am mindful of a few salient facts.

The School Board's suggested comparables of other public sector entities is entitled to weight—because the other public sector entities are in the same insurance market—especially when looking at the cost of health insurance. Here, we see that State of Michigan employees (utilizing the Hay study, Bd. Exh. 40A) have insurance costs equivalent to 81% of teacher costs; a mid-size univer-

sity's employees have insurance costs equivalent of 86% of teacher costs; and a large township government's employees have insurance costs equivalent to 87% of teacher costs. What's more, the average teacher's insurance cost in Michigan is \$11,362, whereas the Wolverine teacher's cost of insurance is \$16,204 (2005-06). These figures tell us that the absolute cost of health insurance for Wolverine Community School District professional employees is high.

Furthermore, according to the Kaiser Family Foundation and Health Research and Education Trust report, the participation of employees in their family health insurance is significant: over 90% of employees make some contribution towards their health insurance. [E'er. Exh. 35, p. 2]. The amount of such contribution has been stable at 26-28% of premiums for family coverage over the last 6 years. [E'er. Exh. 35, p. 3]

Thus, in this broader context, there appears to be some leeway to argue for judicious cost-containment by the Employer. I find that the Board's proposal is the more appropriate proposal, in view of the broader context, and is not an onerous imposition on the employees.

Finally, I address the question of the non-participant in the insurance plan. The Union seeks for those teachers who are not receiving health insurance, the equivalent of the Super Care I single subscriber rate, i.e., \$500 per month reimbursement. The Board resists this request as lacking any rational basis.

There is, to be sure, some rational basis for recommending that non-subscribers be paid *an incentive payment* to continue to be non-subscribers. It

need, not, however, be the full amount of a single-subscriber health insurance premium. I recommend that the non-subscriber be reimbursed \$300 per month.

RECOMMENDATION: In view of the evident need on the part of the Employer to limit the amount of money spent on health care and in view of the nature of the benefits and type of plan the teachers are accustomed to receiving, the following resolution is recommended: For 2006-08, the Board as policyholder of the health care insurance shall make provision for the purchase of MESSA SuperCare I or Choices 2, \$5/10 preferred Rx program; and, for vision care, the Vision—VSP-3 Platinum plan, or other such plans as may be elected by the Union, including dental care, long-term disability insurance, and life insurance; the Board to contribute up to \$1350 per month in 2006-07 and \$1400 per month in 2007-08 towards the employees' election of all insurance benefits. Any amounts to which the employee has subscribed in excess of the Board contribution shall be subject to payroll deduction; and, deposit in a Section 125 plan. The Board shall establish an appropriate Section 125 plan.

The Board will reimburse non-subscribers to health insurance in the amount of \$300 per month.

Issue 5: Salary Schedule Placement.

The current contract calls for the following condition of employment at Section 5.2:

B All teachers shall be given full credit on the salary schedule set forth in Section 6.1 for five years of outside teaching experience in any school district accredited by a recognized accrediting agency. From one-half up to a full year shall be counted as a full year. Teachers who left the system

through resignation shall, if rehired, be hired back on the same /basis as a new employee.

The Union would leave this section unchanged. The School Board would change "shall" to "may" and add at the end of the first sentence, "at the administration's discretion." Thus, the School Board would reserve to itself the discretion to credit up to 5 years for a new hire, based on outside teaching experience; but would make plain that the School Board is not required to credit such outside teaching experience.

The Union showed at hearing that 4 of 6 comparable school districts [Boyne Falls, Ellsworth, Inland Lakes, Vanderbilt] have mandatory placement on the salary grid, similar to what is being proposed here. In addition, says the Union, this provision has been in force in this School District since 1971. No special circumstances compel abandoning such a well-recognized and settled condition of employment, says the Union.

RECOMMENDATION: In review of the condition of employment recognized at comparable school districts, and in view of the stability of this condition of employment at Wolverine Community School District, I do not see any reason to disturb the existing condition of employment. Thus, on issue #5, I recommend the parties settle on the basis of the Union's last best offer.

ISSUE 6. Severance, retirement payout.

The current condition of employment , shown as Section 5.2, is as follows:

.G. Commencing with the 1980-81 school year, each teacher who has accumulated a minimum of fifty (50) sick/ personal business/ professional

days shall, upon termination of employment in the system, receive partial [pay] for all sick/ personal business/ professional days accumulated. The amount of partial pay will be determined by figuring 15% of the 1/180 of that teacher's last annual salary multiplied by the total number of sick /personal business /professional days accumulated. For example, a teacher with a 100 accumulated sick/ personal business/ professional days leaves the school while earning \$30,000 per year, therefore, 15% X \$30,000/180 X100=\$2,500.

H. Each teacher who has accumulated a minimum of fifty (50) sick/personal business/ professional days shall, upon retirement from employment in the system, receive partial pay for all sick /personal business/ professional days accumulated.

The Amount of partial pay will be determined by figuring fifteen (14) of 1/180th of that teachers' last annual salary multiplied by the total number of sick/personal business /professional days accumulated and then multiplied by the appropriate following factor.

[There follows a table showing factors ranging from 3.0 for 10 years before normal retirement age to 1.2 for 1 year before normal retirement age.]

....
This is an option to 5.2G and persons are not compensated under both sections.

The Union recommends cosmetic changes to bring the section up-to-date, by deleting, "Commencing with the 1980-81 school year." The School Board recommends deleting, "Professional days" from the formula and also would make clear that severance pay is payable only upon "voluntary retirement" as opposed to "termination" from the system.

The Board would delete all of Section 5.2H. The parties are at least agreed that if the language is retained, there needs to be a change in the language of Section 5.2.H such that it shows "Years before 40 Years of Service."

The evidence is that this section of the contract is intended to encourage employees not to use sick leave. Veteran teacher Dan Coale testified that he has over 100 accumulated sick days. He is inclined to think hard before using a sick day, because he knows there is that added little "bonus" to be had upon retire-

ment. In addition, says the Union, this section is an encouragement to employees to continue their careers at Wolverine Community Schools.

The Board offers as justification for deleting “professional days” from the formula, “Professional development days are intended to provide for educational opportunities and not for personal use. As such, payout for these days is unwarranted.” [E'er. Brief, p. 27]. The Board argues further that Section 5.2(H) provides an alternative, liberalized benefit, which is unnecessary, duplicative, and unwarranted in view of Section 5.2G.

RECOMMENDATION. The same incentive, not to use sick days unless absolutely needed, is present for employees who look forward to retirement vs. employees who may leave the school district at some time before regular retirement. Thus, there is no justification for the School Board’s proposed change to “voluntary retirement.” I find that the language of Section 5.2.G. and H. as written, have been in the parties’ agreement since at least 1980. There is no reason shown on this record to disturb the condition of employment. Thus, I recommend the Union’s proposed (cosmetic) change in Section 5.2.G and the continuation of Section 5.2.H, with the agreed change of showing “Years before 40 years of service” in place of “years before normal retirement age.”

Issue 7: Tuition Reimbursement.

The current condition of employment is spelled out at Section 5.2.I:

Pay salary payment for additional hours of credit taken after securing permanent certification requirements will be made only if such hours were earned in subject matter or practices directly related to the assignment or projected assignment of the teacher requesting such pay.

The Board will pay tuition for all credits including state approved CEU's taken to maintain a professional certificate, along with the license renewal fee.

The Board would delete the last sentence calling for the payment of "tuition for all credits...." The Union would like to see language that continues the option for teachers to have tuition reimbursed to them for courses and credits taken in any subject matter needed to recertify. The Board's main objection with the current language is that it is open-ended, providing for liability for untold number of credit hours by any and all teachers interested in utilizing the section.

RECOMMENDATION. The Board's main objection is with the open-ended nature of the commitment. In addition, the Board is rightfully concerned that the college tuition credits for which bargaining unit members may seek reimbursement should be related to their teaching activities. This is felt to be a reasonable limitation on the Board's potential liability under this Section. I would add that the limitation should be for tuition for courses related to maintaining certification in a current field. Thus, I recommend that the language of sentence 2 be amended to read, "The Board will pay tuition for college credit hours taken to maintain a professional certificate (state approved CEU's taken to maintain a professional certificate) and the license renewal fee."

ISSUE 8: Longevity.

The current contract language is to be found at Section 5.2.K:

Bargaining unit members shall receive longevity based on the following schedule: 22, 23, 24 years of employment in the Wolverine School District: \$750. 25+ years of employment in the Wolverine School District: \$1,500.00.

The Employer would continue this section, as is. The Union would place the longevity pay on a percentage basis, showing 2.5% of an employee's current step as an incentive pay at 21, 22, 23, and 24 years of service; after 25 years of service, the payment to be 5% of current step.

The evidence showed that this item came into the contract in 2004-05. Six of the group of 7 comparables have a longevity provision which is based on a percentage of wages. The Union argues that the flat amount becomes worth less and less as a person works longer.

RECOMMENDATION: There is no showing that the value of longevity as a continuing incentive to the senior teacher to continue teaching is diminished by its being expressed in flat dollar terms, instead of as a percentage. On the other hand, a clear majority of the comparable communities do provide a percentage-based longevity payment. [Boyne Falls, Ellsworth, Inland Lakes, Littlefield, Mackinaw City, and Vanderbilt] Based on the factor of what is done in comparable school districts, I recommend on Issue #8, that the parties adopt the Union's proposal.

ISSUE 9: Wages (and retroactivity).

The School Board proposes wage increases as follows:

0% in 2005-06;

0% (with step increases) for 2006-07;

1% (with step increases) for 2007-08.

The Union proposes increases as follows:

- 3.0% (with steps) for 2005-06;
- 3.25 (with steps) for 2006-07;
- 3.25% (with steps) for 2007-08.

The Union says that retroactivity is vital to maintaining the bargaining relationship: Without it, the Union becomes a lame duck, because the Employer can punish its employees for not agreeing to its demands and "it immediately tips the balance of power to management." [U. Brief, p. 12]. In addition, all contracts settled between comparable school districts and their unions have provided for retroactivity. The School Board says that the concept of retroactivity is fine, when it comes to payment of wages; but the Union would not hear of it as applied to health care benefits. In other words, since there is no retroactive recoupment by the School Board of any health care savings effectuated by the proposed contract, there should be no recoupment by the employees of wage increases for times past.

The School Board also points to the fact that a significant portion of the year's expenditures are derived from grant monies, such as the Schools of Choice money. These grants may or may not be renewed at the start of the 2006-07 school year and subsequent year. The School Board opines that the teachers of Wolverine Community School District are well paid by comparison with their peers at the BA+ level and the MA level.

The definitive evidence is largely provided by the comparable communities. In 2005-06, 2 districts had raises of more than 2% (Alba and Mackinaw City). Three districts had raises lower than 2% (Boyne Falls, Vanderbilt, and

Ellsworth). Two districts had exactly 2% raises. The median for the group, therefore, was 2%.

In 2006-07, there are two districts that are slated to get raises of more than 2% (Alba and Mackinaw City). There are two districts slated to get raises less than 2% (Boyne Falls and Vanderbilt). There are three districts slated to get raises of exactly 2%. The median for the group, therefore, is 2%.

We have no economic data for 2007-08. It's anybody's guess what the economy is going to do in the teeth of sustained high oil prices, malaise in the auto industry, and the possible roll-back of the State's single business tax. But the outlook cannot be said to be rosy for Michigan educators. An increase of 2% in wages, over and above any step increases to which a teacher may be entitled will not, in 2007, look like a magnanimous amount of money. That amount seems to be a reasonable figure, given the history of the bargaining in this School District, and given the comparables' wage increases in recent years.

RECOMMENDATION. Thus, in sum, I recommend that the parties settle on wage increases of 2%-2%-2% for the three years of their proposed contract. I recommend that the 2005-06 wage increase be given retroactive effect to the beginning of the 2005 program year for the reasons cited by the Union.

SUMMARY OF RECOMMENDATIONS.

1. Lay-offs: I recommend that the traditional spring lay-off announcements will be continued, as opposed to lay-offs upon 60-day notice.

2. Unemployment Payback. I recommend the parties adopt the Board's proposal permitting recoupment of summer Unemployment monies by payroll deduction.
3. Class Size. I recommend the parties settle on the basis of the Board's proposal, that elementary teachers will be paid \$7.00 per day that the class size is exceeded and secondary or elementary special teachers will be paid \$1.00 per period after the third student.
4. Health insurance. I recommend that the parties settle on the basis of a modification of the Board's proposal:

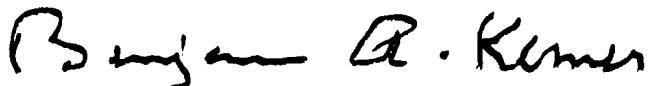
For 2006-08, the Board as policyholder of the health care insurance shall make provision for the purchase of MESSA SuperCare I or Choices 2, \$5/10 preferred Rx program; and, for vision care, the Vision—VSP-3 Platinum plan, or other such plans as may be elected by the Union, including dental care, long-term disability insurance, and life insurance; the Board to contribute up to \$1350 per month in 2006-07 and \$1400 per month in 2007-08 towards the employees' election of all insurance benefits.

The Employer will pay any non-subscriber \$300 month. The Employer will institute a Section 125 plan for deposit of employee funds in excess of the Board's contributed amount towards insurance premiums.

5. Salary Placement schedule. It is recommended that the parties settle on the basis of the Union's proposal that new teachers must be given up to 5 years' credit for teaching in an outside school.
6. Severance, retirement payout. I recommend that the parties settle on the basis of the Union's proposal, incorporating Section 5 (G) and (H).

7. Tuition reimbursement. It is recommended that the parties settle on a tuition reimbursement plan for college credit hours taken to maintain a professional certificate (state approved CEU's taken to maintain a professional certificate) and the license renewal fee.
8. Longevity. I recommend that the parties settle on the basis of the Union's proposal that employees receive 2.5% of an employee's current step as an incentive pay at 21, 22, 23, and 24 years of service; after 25 years of service, the payment to be 5% of current step.
9. Wages (and retroactivity). I recommend that the parties settle on the basis of 2%-2%-2% for the three contract years, with retroactive payment of 2005-06 wages.

Respectfully submitted,



Benjamin A. Kerner
Factfinder

Dated: July 5, 2006
Detroit, Michigan