

In the Matter of Statutory Fact Finding between

GLADSTONE AREA SCHOOLS

/

-AND-

MERC CASE NO. L06-B 5024

GLADSTONE EDUCATION ASSOCIATION/UPEA/MEA

FACT FINDING AND RECOMMENDATIONS

APPEARANCES

For the Employer
Dr. Jay Kulbertis, Superintendent
Gladstone Area School District
400 South Tenth Street
Gladstone, MI 49837
(906) 789-8460

For the Gladstone Education Association
UPEA/MEA
Ms. Sandra M. Walker
111 North Fifth Street
Escanaba, MI 49829
(906) 789-7903

REPORT

A Fact Finding hearing concerning the contract disputes between the Gladstone Area Schools (also referred to as “the District”) and the Gladstone Education Association (also referred to as “the Association”) was held on April 30, 2008 at the offices of the Gladstone Area Schools before Fact Finder, Betty R. Widgeon. Also appearing for the District were Labor Consultant, Bob Witter, District Members—Linda Howelett, Steve O’Driscoll and Dirk Manson. Also appearing for the Association were: PN Chairs- Mike Lagina and Dick Anderson, team members—Barb Fones, Patti Hager, Jon Orhanen and Neil Gerber.

The Gladstone Area School District is located in the central Upper Peninsula of Michigan. It enrolls approximately 1600 full time equivalent students, and employs 86 teachers. In the 1980s, two work stoppages occurred. The District and the Association bargained two contracts in the late 1990s-2000. Their most recent two contracts were for single years. The latest CBA expired June 30, 2007. The Parties began bargaining in June 2007, but were unable to agree on the terms of a successor agreement. The Association petitioned for Fact Finding on September 29, 2007. A Fact Finding hearing was held on April 30, 2008 at the Gladstone Area Schools Library.

Goals of the Parties and the Fact Finder

From the on-set of the Fact Finding hearing and throughout, the Parties expressed the goal and interest in *rebuilding a healthy relationship* instead of an adversarial one. This desire was demonstrated at the hearing by the attentiveness Parties gave to the other side’s presentation and the deliberation each accorded to

slight modifications or position shifts of the other. By the end of the hearing, the Parties had resolved 5 previously unsettled issues:

1- Tuition reimbursement and finger printing: Parties accepted the mediator's recommendation that the cost for fingerprinting current staff be deducted from the amount of dollars available for tuition reimbursement for 2007-2008. Parties agreed to the amount of dollars available for tuition and that the basic concept of the District's proposal regarding tuition reimbursement is acceptable.

2- Calendar for 2007-2008 re: rollover-calendar. Parties agreed that the last day of school for students during the 2007-2008 year would be Friday, June 6, 2008, that Monday, June 9, 2008 would be the third Professional Development day for the 2007-2008 school year and that the last day for teachers would be Records Day, June 10, 2008.

3- Section 8 Vacancies and Promotions at Introduction to paragraph 3: Parties agreed that the phrase "i.e. Highly qualified" would be added to the end of the paragraph, so that the revised paragraph would read: *The Association agrees teachers will be certified and qualified in compliance with state and federal law, "i.e. Highly qualified"*

4- District Proposal #7-B: Vacancies and Promotions, Section 8:2 Manner of Dealing with Layoffs: Parties agreed that the new language shall read: *Vacancies shall first be filled by members of the existing faculty who will be certified and qualified to fill the vacancy at the start of the assignment before being posted for teachers on layoff*".

5- Section 8:5 Nature of Assignments: Parties agreed that the District shall make assignments based on seniority before less than full assignments are made. Parties agreed that the most senior teachers' assignments will be formulated as full assignments. Parties agreed that whenever an assignment is changed by sixty percent (60%) (i.e. 3 out of 5 classes) the resulting assignments shall be posted and filled by current staff members who apply. Parties understood and agreed that the last sentence of page 12, Section 8, includes 8:5, reading, *"It is understood that this provision is also applicable to 6:2, 9:2, 9:4, and 8:5"*.

The Fact Finder's goal is to state recommendations that have a basis in fact. More than 60 days have elapsed since the hearing. During that time period a number of changes have occurred, which may have affected the Parties' viewpoints one way or another. The '07-'08 school year has now ended, and economists are predicting that lower tax revenues will force smaller increases in the state budget being worked on for the next fiscal year, which could mean that K-12 schools and universities may not get as much money as the governor earlier proposed. In order to make

appropriate recommendations to the Parties, the Fact Finder must address the traditional standards of Fact Finding: The employer's ability to pay, cost of living and overall compensation, comparables, relevant bargaining history and other factors normally considered in collective bargaining.

Issues Remaining

- 1- Salary
- 2- Insurance
- 3- Contract Duration
- 4- Arbitration Costs
- 5- Section 10.4 Retirement or Death
- 6- Section 10.12.4 Personal Days
- 7- Early Retirement Incentive
- 8- Grievances—Related to 8.5
- 9- Section 6.1 Consecutive Assignments

Ability to Pay and Cost of Living

The District voices its clear concerns about the State's budget issues and the direct effect that budget has on the District's ability to fund salary increases. It points out that its compensation for *all employee groups is 84.6% of the budget*, and that this high percentage has significantly contributed to its cash reserves dwindling to less than 3%. The District notes a declining enrollment and that the \$125 increase in the foundation projection that it used during the Fact Finding hearing looks very unlikely at this time.

The Association notes that while student enrollment is declining for all districts, the foundation grant, which is the largest source of District income, has thus far remained stable. It also points to potential increases available through savings from compartments the District may not have considered in its figures, such as funds from the audit fund balance and savings from the state retirement liability. The Association ardently stresses that the percentage of the District's budget devoted to

teacher salaries has decreased over the past three years, pointing out that even at the 2.5% teacher salary increase proposed by the District for a single year contract, *the total teacher compensation* would be only *55% of the budget*, and *not the 84.6%* which represents *all* employee groups. The Association documents an overall 10% increase in salaries of District administrators for the 2006-2007 school year, in comparison with an overall 3% decrease in total teacher compensation.

The Fact Finder takes notes that, in actuality, the overall increase of administration salaries for 2006-2007 skewed by the 92% salary increase of the top administrator. That point is well taken. While the District's approach to seeking reductions in a challenging environment is laudable, it would not be expected that significant increases would be granted to administrators if the District truly felt that its fund balance was at a seriously problematic level or that it lacked the ability to pay reasonable increases for its teachers. Therefore, ability to pay is not a bar to the Association's offer.

Comparables

There was some overlap between the Parties' proposed comparables. Based on the evidence submitted by both sides at the hearing, the Fact Finder selected the following four (4) districts as appropriate and sufficient comparables, based on their contiguousness (with shared economic and industrial bases) and relative size: Manistique, Menominee City, Breitung Twp. and Escanaba.

Contract Length and Salary

At the Fact Finding hearing the District proposed a single year contract (2007-2008), with a 2.5 % salary increase. In its brief following the hearing, the District offered a multi-year contract (with salary increases) contingent on a \$14,000/\$12,000 cap on current/future employees. Both District proposals are diagrammed below¹.

The Association seeks a four (4) year contract (1 back plus 3 forward), with salary increases ranging from 2 to 2 ½%, as follows: a 2.00% increase (Ghost) for the 2007-2008 school year with \$1000 to each teacher not receiving step increase, a 2.00% increase on base for 2008-2009, a 2.25% increase on base for 2009-2010, and a 2.5% increase on base for the 2010-1011 school year. This proposal is also diagrammed below².

Parties' Proposed Contract Length & Salary Increases	'07-'08	'08-'09	'09-10	'10-'11
¹ District a) proposed at Fact Finding- b) proposed in Brief	<u>Proposed at Fact Finding:</u> a) 2.5% (single year contract-	<u>Proposed in brief:</u> b) 1.45% (with \$14,000 insurance premium cap)	<u>Proposed in brief:</u> b) 1.5% (with \$14,000 insurance premium cap)	<u>Proposed in brief:</u> b) 1.5% (with \$14,000 insurance premium cap)
² Association	2% Ghost (with \$1000 to each teacher not receiving step increase)	2% on base	2.25% on base	2.50% on base

There is no way of discovering the permutations districts undergo in resolving the issues of contract length and salary increases. However, the comparables utilized here each settled on multi-year contracts with salary increases between 1.25 and 2.75 percent increases on base.

Comparables	'07-'08	'08-'09	'09-'10
Manistique	1.25	2.00	2.00
Menominee City	2.50	2.75	
Breitung Twp	1.25	1.25	1.25
Escanaba	2.75	2.75	

In light of the afore discussed criteria, the Fact Finder recommends a multi-year contract ('07-'08, '08-'09, '09-'10), with salary increases of 2% (Ghost) (with \$1000 to each teacher not receiving step increase this year) 2% on base, 2% on base, and 2.25% on base for the years '07-'08, '08-'09, '09-'10, respectively.

Fact Finder's Recommendation for Contract Length (1 back plus 2 forward)	'07-'08	'08-'09	'09-'10
Fact Finder's Recommendation for Salary Increase	2% Ghost (with \$1000 to each teacher not receiving step increase)	2% on base	2% on base

Insurance

Both sides recognize and accept to move a \$10/20 Rx card. All comparables have moved to this position; in some Districts the employees also currently pay monthly premium co-pays. The District proposes, in addition, a hard cap on premiums. None of the selected comparables have moved in this direction. Moreover, introduction of a fixed cap is not in keeping with traditional methods of collective bargaining, nor is it in line with the Parties' bargaining history. Therefore, the Fact Finder's recommendation is as follows:

Fact Finder's Recommendation	07-08	08-09	09-10
Drug Card	\$10/20	\$10/20	\$10/20
stop/loss	Employee pays 1 st \$500 co pay- Employer reimburses in June for excess up to \$1000/single \$2,000 family-Not to exceed \$18,000. Stop/loss provision sunsets after expiration of this agreement.	Employee pays 1 st \$500 co pay- Employer reimburses in June for excess up to \$1000/single \$2,000 family- Not to exceed \$18,000. Stop/loss provision sunsets after expiration of this agreement.	Employee pays 1 st \$500 co pay- Employer reimburses in June for excess up to \$1000/single \$2,000 family-Not to exceed \$18,000. Stop/loss provision sunsets after expiration of this agreement.
Add'l co pay	0	0	\$50

Arbitration

The evidence presented at the hearing was that Arbitration has been utilized rarely by the Parties over the years. Given this history and the data presented by the Parties with respect to the comparables, the Fact Finder recommends that the current contract language of shared cost (50/50) be continued through the '08-'09 school year and be shifted to 60%/40% during the '09-'10 school year, with the losing party paying 60% and the winning party paying 40% of Arbitration costs.

Section 10.12.4 Personal Days

The Fact Finder was not presented with data for comparables respecting a two tiered system with respect to provisions similar to Section 10.12.4. of the current contract. Thus, the Fact Finder is recommending that Section 10.12.4 contract language remain as is.

Section 10.4 Retirement or Death & Early Retirement Incentive (ER)

The Fact Finder was presented with ERI information for only two (2) of the 4 chosen comparables.

Comparables ERI	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Seventh Year	Sick Pay
Breitung Twp	\$25,000	\$20,000	\$15,000	\$10,000	\$5,000	\$0	\$0	\$6500 MAX
Menominee (\$350/mo for 54 months)	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$2,500	\$0	\$0	\$1500 MAX

However, both the District and the Association have proposed changes in the current ERI provisions which would result in Sections 10.4 and 10.13 being deleted.

ERI Proposed by Parties	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Seventh Year	Sick Pay
Association (Equivalent 1000/mo for 84 mos)	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$0
District (\$750/mo for 60 months)	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$0	\$0	\$0

Considering those proposals against the backdrop of the District’s concerns with unstable funding and its ability to pay and the Association’s concerns about the costs of living realities early retirees will face, the Fact Finder makes the following recommendation with respect to the Early Retirement Incentive: 1) \$1150 per month for 5 years, 2) -and delete current sections 10.4 and 10.13.

ERI	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Seventh Year	Sick Pay
Fact Finder Recom. (1150/mo for 60 mo/ No sick pay)	\$13,800	\$13,800	\$13,800	\$13,800	\$13,800	\$0	\$0	\$0

Grievances—Related to Section 8:5

The Fact Finder recommends the following language at Section 8:5: The District shall make assignments based on seniority before less than full assignments are made. Whenever an assignment is changed by sixty percent (60%) (i.e. three of five classes), the resulting assignment shall be posted and filled by current staff members who apply.

Moreover, the Fact Finder recommends that for the sake of clarity the Parties agree that they understand that the last sentence of Section 8.1 (p. 12), "The definition of a "newly created position" shall be a position that did not exist during the previous contractual year in coordination with 8:5 below", *includes* Section 8:5.

Section 6.1 Consecutive Assignments

The current contract language specifies that the standardized work week in the senior high school will be 25 teaching periods and five (5) unassigned preparation periods. On its face, this language appears to include preparation periods within the teaching assignments. For purposes of clarification, the Fact Finder recommends that the following language be added to the end of Section 6.1, paragraph 1: *Consecutive assignments include preparation time.*

July 9, 2008

Betty R. Widgeon
Betty R. Widgeon, Fact Finder