

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
EMPLOYMENT RELATIONS COMMISSION

IRON MOUNTAIN BOARD OF EDUCATION,

employer

and

MICHIGAN EDUCATION ASSOCIATION (MEA),

union

MERC Case Nos.
L13 B-0288 (Teachers)
L13 C-0287 (Support)

Fact Finder Stuart M. Israel

STATE OF MICHIGAN
EMPLOYMENT RELATIONS COMMISSION
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FACT FINDER'S REPORT AND RECOMMENDATIONS

The Board of Education for the School District of the City of Iron Mountain filed its petitions for fact finding dated January 22, 2014. The petitions cover two units, both affiliated with the Michigan Education Association: the teachers unit represented by the Iron Mountain Education Association and the support staff unit represented by the Iron Mountain Education Support Personnel Association. By the parties' agreement, the fact finding process addresses both petitions and both units in a single proceeding.

The fact finder was appointed by the Michigan Employment Relations Commission on February 13, 2014, pursuant to the Labor Mediation Act and the Public Employment Relations Act. The parties participated in an April 22, 2014 hearing at the Dickinson-Iron Intermediate School District office at which they presented witnesses and exhibits. The parties submitted post-hearing briefs to the fact finder, exchanged on June 17, 2014.

1.

The subject of the fact finding is the parties' effort to replace their expired collective bargaining agreements. The teachers CBA expired on June 30, 2012. The support staff CBA expired on June 30, 2013.

There are 49 teachers in the Association-represented teachers unit and 23 staff in the Association-represented support personnel unit.

The parties participated in collective bargaining and mediation, and made extensive efforts to resolve their differences, but have not been able to agree on replacement CBAs. Their differences, principally, are over wages and benefits. Their differences arise in the context of the District's budget deficit and deficit elimination plan. The District has been experiencing diminishing revenue, increasing costs, and declining enrollment. Under state law, a school district deficit can result in the appointment of an emergency manager, the loss of local control, and, eventually, dissolution of the district.

2.

The fact finding process provides the parties with the opportunity to present, clarify, and support their viewpoints in a different setting, away from the bargaining table, to a third party. Sometimes the fact finding process suggests new perspectives, insights, and solutions, permitting the parties, to borrow from the poet Robert Burns, to see their views as others see them.

The fact finder has no decision-making authority and no ability to impose a resolution of differences. Rather, the fact finder offers a neutral perspective based on information presented by the parties. That perspective, if things go as intended, will aid the parties in resolving their differences through collective bargaining.

The components of a fact finder's report are prescribed by Rule 423.137. The fact finder is to make findings regarding the information and issues presented by the parties and

recommendations for resolution of differences. Ideally, the parties will employ the fact finder's disinterested perspective and return to negotiations to bridge their differences. The best resolution of differences is that negotiated by informed parties pursuing mutually-beneficial objectives, resulting in practical and fair collective bargaining agreements that will define the parties' relationship into the future.

3.

The District, as it states, has "a 115-year tradition of providing excellent academic instruction and extracurricular activities to area students." Its "[g]raduation rates and test scores annually rank in the top 90th percentile." It serves, as of the February 2014 count, 876 students in its traditional K-12 programs. As the District reports, local pride in the Iron Mountain schools' educational performance is strong. This was expressed by the 2013 approval of a bond issue to upgrade District buildings and technology, reflecting community confidence in the District and its MEA-represented teachers and support personnel.

4.

The main unresolved issues addressed in bargaining, and the principal differences between the District and the Association, as of the hearing date, are reflected in the following charts.

For Teachers:

	<u>District</u>	<u>Association</u>
2013-2014	continue 2012-2013 salary; no step, lane, or longevity progression	continue 2012-2013 salary; no step, lane, or longevity progression; \$54,000 "off schedule bonus" equally allocated
2014-2015	reduce 2012-2013 salary by 7.5%; no step, lane, or longevity progression no insurance increase or changes	continue 2012-2013 salary; apply step, lane, and longevity progression increase District insurance contribution to current state-mandated cap (current annual: \$5,692 single; \$12,250 2-person; \$15,525 family); implement employee choice of plans

For Support Staff:

	<u>District</u>	<u>Association</u>
2013-2014	continue 2012-2013 salary; no step or longevity progression	continue 2012-2013 salary; apply step and longevity progression
2014-2015	reduce 2012-2013 salary by 7.5%; no step or longevity progression no insurance increases	continue 2012-2013 salary; apply step and longevity progression increase District insurance contribution to current state-mandated cap
Language	no change in Art. 9, Sec. D, which currently reads: "Time lost due to the specific diseases of mumps, measles, scarlet fever, and chicken pox will not be deducted from sick leave."	add "pertussis" to Art. 9, Sec. D

5.

The parties agree that the District is in financial crisis and that the crisis is related to diminishing revenue, increasing expenses, and declining enrollment. They disagree, however, about the severity of the crisis, the responsibility for the depth of the crisis, and what should be done to respond to the crisis.

Part of the parties' difficulties in resolving their differences through collective bargaining and mediation seems to be what may be characterized as their differing worldviews. This is reflected in the recriminations presented by both sides.

6.

The District suggests that the Association finds it "emotionally difficult" to deal with the "harsh realities" of diminishing revenue, increasing expense, the District's deficit, and the District's struggles to implement a realistic deficit elimination plan to satisfy state law and maintain local control of the Iron Mountain public schools. This has caused, the District suggests, the Association's unfair castigation of District leadership and "stubborn intransigence" on the Association's part.

The District accuses the Association of hypocrisy, "regressive" and "bad faith bargaining," and engaging in "counterproductive public pressure." The Association, the District suggests, is unrealistic and has made unreasonable and impossible demands. This, the District says, has created "turmoil" and "labor unrest," undermines public confidence, exacerbates the problem of student transfers to nearby public school districts, and delays the "necessary, reasonable, and imperative" implementation of "employee concessions."

7.

The Association, in substantive contrast but similar tone, suggests that District leadership is guilty of "mismanagement." The District, the Association says, failed "to react to declining enrollment in a timely manner" and exacerbated financial problems by delaying "right-sizing" in staffing to adjust to enrollment decline and to avoid depleting cash reserves. The Association criticizes the District's rationale for maintaining current staffing levels, *i.e.*, that broad curricular offerings and small class size must be maintained to dissuade parents from transferring their

children to nearby districts. The Association is skeptical about the District's rationale, pointing out that student transfers have occurred despite an "overabundance of staff."

The Association points an accusing finger at management, suggesting that other districts are able to balance budgets and fairly compensate teachers and staff with funding at the state-governed levels while the similarly-funded District operates at a deficit, even though Iron Mountain has the advantage of limited bussing costs due to its compact geography. The Association says that the District has been kept afloat by employee sacrifice and community support. The Association faults the District for maintaining facilities and a structure that served over 1,300 students in 2005 while enrollment has dropped by more than 33% over the past few years and is expected to decline further. The Association says the District has a "philosophical aversion" to doing "business differently."

8.

In short, both sides recognize the deficit crisis caused by revenue, expense, and enrollment pressures, but each side attributes the severity and scope of the crisis, at least in part, to the other side's myopia and inflexibility. Both sides agree that significant fiscal adjustments are needed, but they differ on how and what to adjust. The centerpiece of the District's solution is a 7.5% across-the-board salary reduction. The core of the Association's solution is "right-sizing" and improved management. Each side champions its solution and denigrates the other side's solution. This polarized and partisan situation has been unproductive, and seems to be getting worse.

9.

The sorts of worldview differences between the District and the Association are not unique to Iron Mountain. Indeed, they are common when institutions—public or private, for-profit or non-profit—are faced with circumstances that require fundamental change: a

diminishing “market,” increased competition, declining revenue, and increasing expenses. These pressures inevitably produce debate over spending priorities, “product” adjustment, expense reduction, staffing levels, employee effort and commitment, and management performance. Here, as in most of these difficult situations, almost all views expressed in the debate are right—to some extent.

Here, the District is right. It must find a way to serve its educational mission within its budgetary constraints. It must act responsibly. In accordance with the law, it must balance its budget. It must act expeditiously to address the deficit crisis.

Here, the Association is right, too. The employees perform essential services, often under difficult conditions. For many, their work is more than a job; it is a calling and a profession. They are willing to sacrifice, but they expect fair treatment. When difficult decisions must be made on how to spend the limited dollars in the District budget, the employees want to be consulted and considered, and to be satisfied that the District is making those decisions prudently.

Indeed, the District, the Association, the teachers, and the support staff have common objectives: excellent education, prudent fiscal management, fair compensation. In addition, these objectives are shared by the other constituencies of public education: the students and their parents, the larger community, and the taxpayers.

As both sides are right, and as both sides have the common objective of the success of the Iron Mountain schools, it is distressing to hear and read the recriminations from both sides. Any solutions to these difficult problems will be better identified and achieved by cooperation and compromise.

10.

At one level, the parties' choices are simple. There are only two ways to address a budget deficit: increase revenue and reduce expenses.

11.

The parties have little control over revenue. Revenue principally comes from the state, primarily determined by student enrollment. Student enrollment is affected by demographic and economic factors which the parties cannot influence. Indeed, demographic and economic factors portend an ongoing and inevitable decline in student enrollment. Among these factors are reduced birthrates; "outmigration" due to limited economic opportunities in the area; and community "maturity" and "housing saturation." Decline in student enrollment means decline in revenue, which principally comes from state aid allocated per-pupil. Revenue reduction can cause additional problems—limitations on curricular options and extracurricular programs and increased friction between District leadership and employees over allocation of increasingly diminishing resources. Such problems in turn cause parents to choose what they perceive as better options for their children in nearby public school districts. The student transfer problem is acute because the District is in close proximity to three other districts which "compete" with the District for area students. Decline in enrollment leads to decline in revenue and *vice versa*, creating what the District calls a "vicious cycle."

In short, there seems to be no doubt on either side that they serve a diminishing "market" and that increased revenue is *not* a viable solution to the District's deficit.

12.

That leaves expense reduction. The devil is in this detail. The District points out that employee wages and benefits account for about 77% of District expenses. Accordingly, meaningful expense reduction must come in great part by reducing employee wages and benefits.

Expenses can be reduced in meaningful part by reducing employee salary across-the-board, as the District proposes. Or, as the Association suggests, expenses can be reduced in meaningful part by “right-sizing,” which means a reduced workforce.

The Association says that the 7.5% across-the-board reduction proposed by the District, coupled with other compensation freezes, in the context of past employee sacrifice and District mismanagement, is unfair and negatively will affect retention and the morale of dedicated teachers and staff. The Association posits that “right-sizing” will adjust the workforce and reduce expense without excessively unfair imposition on the teachers and staff doing their jobs.

The District says that “right-sizing”—layoffs—will diminish curricular options and increase class size. This, the District says, will diminish the “product” and exacerbate enrollment decline which, in turn, will increase District fiscal problems.

13.

The solution to the deficit will require significant expense reduction, whether in the form of across-the-board reductions as proposed by the District, “right-sizing” as suggested by the Association, or some combination of the two. A longer term course may be consolidation with nearby school districts to realize economies of scale and reduce duplication while preserving to the extent possible the long-standing tradition built by the Iron Mountain schools. To its credit, the District is participating in a study of consolidation options. Nevertheless, in the short run, by implementing across-the-board reductions or by layoffs or by some combination, the deficit must be addressed by reducing expenditures on employee compensation.

The fundamental problem obstructing agreement on how to reduce expense, in my view, is that the parties have focused on recriminations and not solutions. This has caused a partisan divide between across-the-board cuts and layoffs. A problem, too, is that each side defends its solution with philosophy, emotion, and finger-pointing. Each side offers selective arithmetic,

data, and predictions that support its solution. The two sides float on this ocean of information, passing like ships in the night.

14.

The District offers numbers and projections, and, prudently, worst-case scenarios, but its solutions are a moving target. Its proposed concessions began at 2.9% for 2013-2014 and increased to 7.5% for 2014-2015. Its proposal stays at 7.5% even though District witnesses predict that the District likely will need across-the-board salary reductions in a 13%-16.5% range. Further, the District is adamantly resistant to further reducing staff, adjusting curriculum, eliminating more programs and extracurricular activities, and increasing class size. The District dismisses the Association's "right-sizing" prescription, saying that there is no viable alternative to across-the-board wage concessions.

For its part, the Association offers conclusions that the District projections are overly-pessimistic, speculative, and unreliable and that across-the-board reductions are extreme and unfair. The Association would increase staff expense—with application of step, lane, and longevity increases and insurance improvements. These increases, the Association suggests, can be offset, and the deficit can be addressed, by "right-sizing" staffing and facilities.

But, the Association has not specified what "right-sizing" may mean. How many support staff should be laid off? How many teachers should be laid off? Which teachers of which grades and which subjects? What impact would layoffs have on the curriculum? On class size? On extracurricular activities? On student transfers?

The District reports on its informal survey indicating that the 2013 higher-than-anticipated enrollment decline was due in great part to transfers in reaction to the District's diminished "product," particularly at the elementary school level, where cost-saving measures included increased class size and the elimination of 4th, 5th, and 6th grade art. The District fears

that “right-sizing” would trigger a self-propelled downward spiral, causing more transfers, further reducing enrollment, further reducing revenue. The Association gives little credence to these concerns, but proposes no solution beyond its invocation of the rubric “right-sizing.”

To me, “right-sizing” of some dimension is a better approach than relying solely on across-the-board reductions. The expired CBA contemplates the possibility of “necessary reduction in personnel” and teacher layoffs when “there is a decrease in the number of students enrolled” or “in the revenues of the school district.” The across-the-board reductions proposed by the District are based on assumptions and premises subject to debate, understandably inviting Association challenge. Still, assessment of “right-sizing” in the context of the District’s legitimate concerns about the impact of teacher and staff reduction must be informed.

The parties must go beyond rubrics and philosophies and articles-of-faith to get beyond the either/or choice between across-the-board reductions and “right-sizing.” They must determine what “right-sizing” would look like. Only after that is done can the parties have informed discussion about “right-sizing” as a solution, alone or in combination with reductions and other changes. Despite the District’s adherence to across-the-board reductions and rejection of “right-sizing,” it seems likely that there is a “viable” solution in an informed compromise.

On the positive side, the boundaries of the proposed solutions are narrow. Both sides recognize the need for fiscal responsibility. At this point, going into the 2014-2015 school year, the main difference is over the 7.5% reduction and the step, lane, and longevity freeze in the District proposals and the step, lane, and longevity progression and insurance improvements in the Association’s proposals. Within these boundaries there is still hope for agreement on solutions.

15.

I do not suggest that the parties have spared numbers and data and analysis. To the contrary, if anything they have presented too much data.

Comparables, for example, often a battleground in fact findings, seem inapposite here. Their principal use seems to be to support the Association's effort to blame the deficit crisis on past District "mismanagement." Placing blame is an unnecessary and fruitless indulgence. It is of little value to debate who lit the match, and who fanned the flames last month or last year, while the fire is still raging today. To mix metaphors, there should be less talk about who dug the hole, when, and why, and more talk about how to fill the hole before someone falls into it.

Ruminations about fairness and sacrifice, too, divert from the task at hand. Reasonable people agree that the teachers and staff should be fairly compensated and fairly treated. This is what the Association says. The District does not say otherwise. To the contrary, the District has stretched to provide fair compensation in the past, and to preserve the jobs of teachers and staff. In retrospect, as the Association suggests, perhaps the District was imprudent in its approach to compensation, and in delaying "right-sizing," but there is nothing in the record that suggests that the District lacks concern for fairness.

Fairness is the ideal, but fairness is in the eye of the beholder. Here, practical and immediate solutions are required. The effort to find solutions is not served by opining about others' compensation in other districts in other circumstances. Further, as the District points out, thanks to the Association's past advocacy, overall the compensation of District teachers is in the mainstream of "comparable" districts, and would remain in the mainstream even if the District's proposed across-the-board reductions were to be implemented.

16.

As discussed, "right-sizing," perhaps in combination with freezes and some level of across-the-board reductions, seems to me to be a better approach than the significant across-the-board reductions proposed by the District. But it is my responsibility to make a recommendation based on the record presented by the parties. On that record, I am constrained to recommend the District's proposal for 7.5% across-the-board reductions coupled with suspension of step, lane, and longevity progression. I am constrained to recommend that proposal because it is concrete and the foundation of the thoughtful deficit elimination plan submitted to the state. Absent the identification of a concrete alternative, the District's plan, albeit imperfect, is the one specific course presented in the record to address a problem which must be addressed, and soon.

That said, I believe there is a better solution that can be identified through the parties' cooperation and compromise in continued collective bargaining.

17.

Cooperation and compromise must replace the recriminations that have led to the parties' current polarization. The alternatives are not desirable.

A course of action imposed by the District under the labor laws, or imposed by the state on the District, the teachers and staff, and the community under the education laws, would further divide the constituencies whose cooperation is essential to the success, and maybe to the survival, of the Iron Mountain public schools.

Here, no one would like to see the unilateral imposition of wage reductions, or the loss of local control to an emergency manager or, the worst case, the dissolution of the Iron Mountain public schools. Here, both sides want to ensure the future health of the District that employs them, educates their children, and serves their community. The way to best achieve the parties' shared objectives is with cooperation and compromise and, ultimately, consensus.

18.

Again, between the District's economic proposal and the Association's philosophical alternative, I am constrained to recommend the former. But I believe there is a better course of action reflected in the following recommendations.

First, I recommend that the parties immediately return to collective bargaining with a commitment to cooperate, to look forward not backward, to put an end to the recriminations, and to pursue their common interest in the health—and the survival—of the Iron Mountain public schools.

Second, I recommend that when the parties return to the bargaining table, they develop and consider a specific "right-sizing" plan. I recognize that the District believes that the negatives associated with "right-sizing" greatly outweigh the advantages, and that further layoffs would accelerate the decline of student enrollment. The onus will be on the Association to prescribe a specific "right-sizing" plan and to persuade the District that such a plan, alone or in combination with other expense-reduction measures, perhaps including less-onerous across-the-board salary reductions, can offer a practical solution to the deficit crisis.

Any such "right-sizing" plan must answer the questions posed earlier, and more: How many support staff would be laid off? By what criteria (consistent with the CBA)? How many teachers would be laid off? By what criteria (consistent with CBA considerations, *i.e.*, "academic need, certification and seniority")? How many administrators would be laid off? What impact would teacher layoffs have, and on what grades and what subjects? What impact would layoffs of support staff and administrators have on administration? What impact would "right-sizing" have on curriculum? On class size? On extracurricular activities? On facilities needs? On student transfers? On student returns? On the deficit elimination plan and the District's fiscal health?

Only with specificity can the parties give serious and informed attention to their options and consider alternatives to the District's 7.5% across-the-board reductions and freeze on step, lane, and longevity progressions—and perhaps achieve consensus.

Third, I recommend that each side return to the bargaining table with respect for the other side's views.

On the one hand, the District should recognize there is reason for the Association's skepticism about the District's proposed solution. The District began with a request for a 2013 2.9% reduction, which grew into the proposal for a 2014 7.5% reduction. District witnesses now say that the 7.5% reduction will not provide the needed savings, which they now estimate to be in the 13%-16.5% range. The District, too, should understand the Association's concern that the District seems to insist on staffing levels and a structure geared to a past which no longer exists. While the District has revised its proposed reduction percentage based on evolving events, it has maintained its insistence on across-the-board reductions and on little change in overall staffing and structure. The District must recognize that its approach, whether for good reason or due to misunderstanding, has created uncertainty, anxiety, confusion, mistrust, and skepticism. The *status quo* is a poor foundation for a positive future and seems destined to erode community confidence.

On the other hand, the Association must respect the District's resistance to increasing expenditures in the midst of an existential fiscal crisis. The Association should understand the District's rejection of "comparables" which differ from Iron Mountain in material ways. The Association should understand the District's rejection of the Association's use of arithmetic ratios and abstractions about compensation as a percentage of overall revenue at different times in the District and in different places outside the District. The Association must recognize that

the District has not been idle. It has made significant non-personnel expense reductions. And in the period of enrollment decline since 2008, the District reduced the teacher force by about 20 positions. The Association certainly is entitled to critique management with the vision of hindsight, and management may have been quite imperfect, but it has not ignored changing circumstances. The Association must recognize why the “right-sizing” prescription it has presented seems vague, abstract, impractical, and facile. The Association must respect that the District has a duty to act, and soon.

I recommend that the parties recognize the unique and dire circumstances of the Iron Mountain schools. Just as the Association criticizes the District for adhering to “business as usual” on staffing and facilities, the Association must recognize that “business as usual” bargaining and invocation of “comparables” and arithmetic abstractions at fact finding are not sufficient to address the deficit crisis the parties face.

The Association opines that the “no-retroactivity” rule favors the District. While the parties are past the CBA expiration dates, and are rapidly approaching the 2014-2015 school year, I do not believe that the “no-retroactivity” rule is a factor. This is because the deficit crisis, and the District’s fiscal responsibility, center on the need for immediate expense reductions. Increases going forward, much less going backward, do not seem possible in the parties’ short-term future. The District reports that its “financial position has substantially worsened” in the period between the hearing and the briefs, and says that as “each month passes without a wage concession, the District falls further behind.” If the District does not find common cause with the Association and soon, the District soon may conclude that it must implement reductions without consensus, under the labor laws, or find that local control will become a memory under the education laws.

Fourth, I recommend that the parties enlist the aid of a MERC mediator or, if necessary, multiple mediators from MERC. I recommend that the parties return to the bargaining table as soon as possible and undertake to reach agreement expeditiously, to do their best to see to that the next school year begins with unity, certainty, and public confidence.

Rule 423.136(6) gives the fact finder “the power to remand the parties to further bargaining with a mediator if the fact finder believes it may be conducive to full or partial agreement.” I do not formally remand, as time is of the essence. Rather, I recommend that the parties expeditiously resume mediated bargaining. If I can assist the parties in working with the Bureau of Employment Relations to bring about prompt mediated bargaining, I’d be happy to do so.

Fifth, I recommend the addition of pertussis to Art. 9, Sec. D of the support personnel CBA. I understand that the Association proposed this addition in reaction to a specific situation. As the parties in the past agreed to the “specific diseases” concept in Art. 9, Sec. D, I recommend that they add pertussis to the list. It seems this addition is unlikely to result in any significant District expenditure, and it will provide a tangible expression of the District’s willingness to accommodate support staff concerns within the constraints of the fiscal crisis.

Sixth, in its brief, the District suggests an extended CBA for support personnel, with a “wage reopener” for 2015-2016, a 2014-2015 increase in the insurance contribution to the statutory maximum, and a 2015-2016 insurance “reopener.” As the District acknowledges, the insurance increase entails a “relatively modest additional cost of \$1,758” because of the limited number of participants in the insurance. This increase, the District says, will have to be offset by reductions elsewhere. I recommend that this increase be adopted, too, as further evidence of the District’s effort to responsibly accommodate staff within its fiscal constraints.

Seventh, I recommend that the parties consider the appropriate duration for any new CBAs. The deficit crisis makes continuity and certainty highly desirable. Multi-year CBAs may communicate to the public, and to the parents of current and prospective students, that there is stability and common cause in the District, and that the era of division and recrimination is over.

The volatile economic situation—affected by declining enrollment, limited state funding, increasing pension costs, the area’s economic environment, and other circumstances that are beyond the parties’ control, or that are unpredictable, or both—might be addressed in reopener terms and benchmarks.

In some circumstances, reopeners and benchmarks merely postpone dealing with difficult problems by “kicking the can down the road.” Here, however, the deficit must be addressed promptly, and reopeners and benchmarks developed by consensus may be beneficial.

Reopener dates, and benchmarks tied to revenue, enrollment, and other evolving factors, can provide a basis for responding quickly to changing conditions, whether conditions become better or worse. This can assure the teachers and support personnel that their economic interests will be considered and that they will be heard in a bargaining setting, perhaps annually as issues are reopened. This will assure teachers and staff that they will be able to negotiate progress as circumstances permit over time as the District addresses and resolves the deficit crisis.

Eighth, I recommend the Association’s proposal that the District provide a choice of health insurance plans, to the extent this can be done without increasing District expenses.

Ninth, I recommend that the parties act quickly. This summer. Before the 2014-2015 school year begins.

The deficit crisis *will be* addressed soon. It can be addressed by cooperation, compromise, consensus, and new CBAs. Or, absent consensus, it can be addressed by the

District unilaterally, to the extent the labor laws allow. Even if the District were to not act, or were to act too slowly or ineffectively, the crisis *will be* addressed—by an emergency manager, the loss of local control and, at worst, dissolution of the 115-year old Iron Mountain schools.

The question is not whether the crisis will be addressed, but when, by whom, and how. To paraphrase another poet, the parties have the opportunity to return to bargaining and together become the masters of their shared fate. If they don't use that opportunity, the deficit crises *will be* resolved by the District unilaterally or, worse, by others without personal stakes in the Iron Mountain public schools.

19.

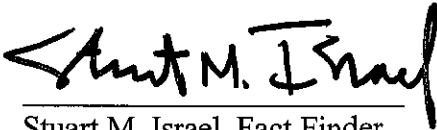
I recognize full well that my recommendations will have little utility if they do nothing to stimulate the parties to return to the bargaining table to control their own destiny.

I recognize, too, that I make recommendations based on imperfect information. Despite the detailed and extensive data and presentations supplied by each side in support of its analysis and favored solution, there is an element of fortune telling in this endeavor. Further, no outsider, particularly within the time constraints and practical limitations of the fact finding process, can match the parties' knowledge, expertise, experience, personal stakes, and shared interests. There are cost-benefit trade-offs in every action, the nuances of which can be addressed most effectively by those "on the ground" with insights informed over time, day-to-day and year-to-year. The parties are in the best position to resolve the debate about the likely impact of layoffs versus the likely impact of across-the-board salary reductions. The parties are in the best position to assess the likely impact of increased class size on educational quality. Whatever the actual relationship between class size and educational quality, the parties are in the best position to assess the likely impact of larger class size on parental perception. And the parties are in the best position to explain their solutions to parents and students and to the larger community. My

recommendation is that the parties apply their expertise and experience to jointly formulating solutions to their shared crisis.

In sum, I recommend that the parties resume mediated collective bargaining immediately, to resolve their differences before the next school year begins and serve their mutual interest in the health of the Iron Mountain public schools through cooperation, compromise, consensus, and new CBAs. Again, the looming alternatives—unilateral imposition of wage reductions, an emergency manager, dissolution—are far worse.

July 7, 2014


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