

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

BUREAU OF EMPLOYMENT RELATIONS

PETITIONING PARTY: Michigan Education Association/Waverly Education Association
(Association or WEA)

and

RESPONDING PARTY: Waverly Community Schools
(Employer)

MERC CASE NO.: L16D-0502



FACT FINDER'S REPORT – Part 1

Pursuant to Public Employment Relations Act (P.A. 336 of 1947 as amended)
[MCL 423.201, et seq]

Part 2 – See Recommendations, p. 15.

Fact Finder

Thomas J. Barnes

Advocates

Employer Advocate: Eric Delaporte, Esquire
Union Advocate: Ron Parkinson, Uniserv Director

PETITION(S) FILED: 5/23/16
PANEL CHAIR APPOINTED: 6/21/16
SCHEDULING CONFERENCE HELD: 9/21/16

HEARING DATE(S) HELD: 1/13 AND 2/17/17
REPORT ISSUED:

TABLE OF CONTENTS

1. INTRODUCTION AND BACKGROUND1

2. STATUTORY CRITERIA2

3. STIPULATIONS AND PRELIMINARY RULINGS2

4. COMPARABLES2

5. ISSUES BEFORE THE PANEL2

6. SUMMARY OF RECOMMENDATION.....15

WITNESS PARTICIPANT LIST

1. Ruth Beier – MEA Economist
2. Matt Oppenheim – WEA Bargaining Team Chair and President
3. Charles Richardson, Uniserv Director
4. Vince Perkins, Director of HR
5. Evan Nuffer, Director, Finance and Operations
6. Terry Urqhart, Superintendent
7. Kelly Blake, Director, Teaching and Learning
8. Ron Parkingson, Uniserv Director
9. Susan Friend, HR Administrator

1. INTRODUCTION AND BACKGROUND

The Waverly School District was formed in 1961 by consolidating four schools. It is located immediately to the West of the City of Lansing, in Delta Township primarily, and Lansing Township. Its student enrollment is approximately 2,700 in 6 schools. Those schools are: Colt Early Childhood, East Intermediate, Elmwood and Winans Elementary, Waverly High School and Waverly Middle School. The Association bargaining unit consists of 174 full time teachers. The District and Association have had a CBA for a number of years.

The Waverly Board of Education (Employer) and the Ingham/Clinton Education Association/Waverly Education Association, MEA/NEA (Association) are parties to a Collective Bargaining Agreement (CBA) effective July 1, 2013 to June 30, 2016. In order to reach a new CBA the parties commenced bargaining on January 13, 2016 and conducted bargaining sessions on January 27, February 17 and 29, March 9 and 23, April 11, June 8, July 13 and 21, 2016 and February 24 and March 3, 2017. Failing to reach agreement on a successor CBA the parties availed themselves of a MERC mediator. Said mediator conducted sessions on April 21, 27 and May 13, 2016 and March 9, 2017. Following mediation, the Association filed a Petition for Fact Finding on May 23, 2016. Pre-hearing telephone conferences were held on August 2, 3, 12 and September 21, 2016 to identify the matters at issue, establish a way forward and explore possible settlement.

Subsequently on January 12, 2017 and February 17, 2017, fact finding sessions were held at the Employer's offices.

Subsequent to the February 17, 2017 session, the representative for the parties and fact finder have had several conversations to resolve issues and at the same time to anticipate this Report

and the outstanding issues. Those outstanding issues are: (1) the salary schedule, accompanied by off schedule payments and a Building Performance Pay and (2) insurance. This Report then contains the undersigned's recommendations on those unresolved economic issues.

2. STATUTORY CRITERIA

MCLA 423.210; MCLA 423.25; Employment Relations Commission Rule 423.431-435.

3. STIPULATIONS AND PRELIMINARY RULINGS

Parties have tentative agreements on all other issues not addressed in the Report.

4. COMPARABLES

Ingham County ISD – 12 school districts.

1. Waverly
2. Dansville
3. East Lansing
4. Haslett
5. Holt
6. Leslie
7. Mason
8. Okemos
9. Stockbridge
10. Webberville
11. Williamston
12. Lansing – Considered an outlier by the Employer and not contested by the Association.

5. ISSUES BEFORE THE PANEL

SALARY and INSURANCE.

A. 1. Salary – 4 Years – Economic.

Employer Proposal:

8.17 Appendix A – Salary Schedule

The Salary Schedule in effect for the 2016-2017 school year through the 2019-2020 school year shall be as depicted in Appendix A. Eligible bargaining unit members will be entitled to lateral column advancement upon ratification of this contract. To be eligible for column advancement, a bargaining unit member must be rated effective or higher on their most recent evaluation.

Eligible bargaining unit members shall receive One (1) step each school year of the contract. To be eligible for a step increase, a bargaining unit member must be rated effective or higher on their most recent evaluation and not be on the highest step of the wage scale. In accordance with Public Act 54 of 2011, there shall be no retroactive pay, and wages related to a step increase shall be pro-rated during the school year in which the CBA is ratified based upon the date of ratification by both Parties, and the number of remaining work days.

B. Building Performance Pay

For 2016-2017, 2017-2018, and 2018-2019 –

Those buildings subject to the State Standardized Assessment:

The District will compare the current available testing year Ingham ISD rankings of all grade level scores within all subject areas of each building to the same for the ISD in the previous available testing year. Should the building's aggregate average be at least two (2) positions higher than the aggregate average for the immediately preceding year, each full-time bargaining unit member assigned to that building will receive a one-time off-schedule bonus payment in the amount of \$2,000 (less required deductions) within 30 days of when the results become available. Part-time teachers will receive a pro-rated payment based upon their percentage of employment in the building in comparison to that of a full-time bargaining unit member. Bargaining unit members will also qualify for the bonus payment if the building's aggregate average is in the top three (3) of the IISD.

Those buildings not subject to the State Standardized Assessment:

In such buildings in which the State Standardized Assessments are not given, the one-time off-schedule bonus payment in the amount of \$2,000 (less required deductions) will be provided based upon the North West Evaluation Association (NWEA) Assessment. In order to qualify, a building's average improvement of all students from pre-test to post-test must be greater than the total of the fall to spring NWEA student growth norms.

Appendix A Salary Schedule

To be updated by identifying each step below as an independent step (acknowledging the 22 steps currently used), and eliminating Step 0. To attain a step increase, a bargaining unit member must be rated effective or higher on their most recent evaluation. In accordance with Public Act 54 of 2011, there shall be no retroactive pay, and wages related to a step

increase shall be pro-rated during the school year in which the CBA is ratified based upon the date of ratification by both Parties, and the number of remaining work days.

Schedule is identical to Appendix A of WEA proposal on page 5.

WEA Proposal:

8.17 Appendix A – Salary Schedule

- A. The Salary Schedule in effect for the 2016-2017, 2017-2018, 2018-2019, 2019-2020 school years shall be based upon the schedule in effect for the 2015-2016 school year, as depicted in Appendix A. Each year, there will either be a one percent (1%) raise applied to Step 11 of the Salary Schedule, or else each member on Step 11 will receive an off-schedule payment of fifteen hundred dollars (\$1,500) in the first available paycheck.

Each year, beginning with 2016-2017, all bargaining unit members will advance one (1) step in comparison to the step on which they were placed in the previous school year. Eligible bargaining unit members will be entitled to lateral column advancement each year, starting in 2016-2017.

- B. Full-time teachers who reach or have reached Step 11 upon ratification of this Agreement will receive a one-time payment of two thousand dollars (\$2,000) on the first pay in March of 2016, and part-time teachers will receive a prorated payment of the two thousand dollars (\$2,000) based on their percentage of employment in relation to the employment of a full-time teacher. This off-schedule payment is limited to the 2016-2017 school year and is not a continuing obligation of the Board for any succeeding period.
- C. Full-time teachers who have not reached Step 11 upon ratification of this Agreement will receive a one-time payment of one thousand five hundred dollars (\$1,500) on the first pay in March of 2016, and part-time teachers will receive a prorated payment of the one thousand five hundred dollars (\$1,500) based on their percentage of employment in relation to the employment of a full-time teacher. This off-schedule payment is limited to the 2016-2017 school year and is not a continuing obligation of the Board for any succeeding period.

APPENDIX A
2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020 Salary Schedule

Step	BA	BA+20	MA	MA+15	MA+30	MA+45
0	\$37,184	\$38,793	\$39,495	\$40,940	\$42,383	\$43,654
0.5	\$38,101	\$39,748	\$40,479	\$41,965	\$43,439	\$44,744
1	\$39,002	\$40,700	\$41,468	\$42,985	\$44,500	\$45,836
1.5	\$39,595	\$41,860	\$42,632	\$44,149	\$45,669	\$47,037
2	\$40,758	\$43,023	\$43,795	\$45,309	\$46,836	\$48,240
2.5	\$42,174	\$43,785	\$45,401	\$47,009	\$48,628	\$50,088
3	\$43,585	\$45,294	\$47,010	\$48,704	\$50,417	\$51,931
3.5	\$44,536	\$46,341	\$48,148	\$49,944	\$51,749	\$53,302
4	\$45,487	\$47,383	\$49,281	\$51,176	\$53,078	\$54,671
4.5	\$46,900	\$48,891	\$50,884	\$52,881	\$54,876	\$56,521
5	\$48,312	\$50,400	\$52,490	\$54,581	\$56,668	\$58,365
5.5	\$49,452	\$51,635	\$53,818	\$56,001	\$58,184	\$59,929
6	\$50,587	\$52,870	\$55,146	\$57,422	\$59,699	\$61,492
6.5	\$51,730	\$54,101	\$56,478	\$58,847	\$61,219	\$63,054
7	\$52,870	\$55,332	\$57,806	\$60,272	\$62,737	\$64,622
7.5	\$54,010	\$56,567	\$59,135	\$61,696	\$64,257	\$66,187
8	\$55,322	\$57,806	\$60,459	\$63,123	\$65,775	\$67,750
8.5	\$56,476	\$59,231	\$61,979	\$64,738	\$66,464	\$69,512
9	\$57,806	\$60,649	\$63,498	\$66,345	\$69,196	\$71,269
9.5	\$59,133	\$62,074	\$65,015	\$67,964	\$70,900	\$73,026
10	\$61,669	\$64,767	\$67,864	\$70,965	\$74,057	\$76,277
10.5	\$62,826	\$65,982	\$69,138	\$72,295	\$75,443	\$77,705
11	\$65,579	\$68,873	\$72,166	\$75,462	\$78,751	\$81,111

EMPLOYER AND ASSOCIATION POSITIONS ON SALARY ISSUE

Employer

The Employer's salary proposal continues a half step advancement annually on the existing 11-step salary schedule with no across the board increases on such schedule. The 1/2 step advancement (approximately 2.5% or \$1,500 per year) continues the progression of the now expired three year CBA. Prior to the expired CBA the steps were full steps (11) amounting to approximately 5.0% or \$3,000 per year. The amounts of any across the board increases in the expired contract and prior agreements is not in the record and in any event too remote in time to be relevant.

The half steps in the expired contract are not symmetrical and contain year to year increases (BA) ranging from 2.5% to 4.4%. The MA+15 level also begins at 2.5% (from 0 to 1) and also tops at 4.4% (10.5 to 11).

The BA schedule starts at \$37,184 and after 22 half steps tops out at \$65,579, an increase of \$28,395, or 76%, an average of 3.45% per year (not compounded). The top of the scale (MA+45) increases from 43,654 to 81,111, an increase of 37,457, 86%, or 3.9% per year, not compounded.

If the Employer's proposal to continue to freeze the salary schedule at half steps continues for 4 years, teachers not affected by the schedule cap at 22 half steps would be expected to have their salary increased (BA) by \$5,100 (i.e., 4th year at \$45,487 and 8th year at \$50,587), or 11% (about 2.75% per year). An MA would advance from 49,281 (4th year) to 55,146 (8th year), or 12% (about 3% per year.)

In addition, the District has proposed an annual Building Performance Pay (buildings which take the state assessment tests) of \$2,000 if certain student achievement benchmarks are met. The Building Performance Pay would be paid for years 2016-2017, 2017-2018, 2018-2019. For each of these three years an off schedule bonus of \$2,000 would be paid to all full time (prorated for part time) teachers where the state standardized assessment grade level scores (math and reading) for each building is compared to the same data for the Ingham ISD rankings of the previous year. If the score for the Building is at least two (2) positions higher than the aggregate average for the ISD (all 11 other Districts) for the prior testing year, the payment is triggered. In addition, if the Building's average is in the top 3 of the ISD, the payment would also be paid.

For the grade school buildings (where state standardized assessments are not used), the payment will be based upon the North West Evaluation Association (NWEA) assessment of the building's average improvement from pre-test to post-test. If it is greater than the total of the Fall to Spring NWEA student growth norms the payment is triggered.

The rationale advanced by the Employer for its proposal is that its students' performance lags the other Districts even though its salary schedule is at the top of all other 11 Districts.

WEA

For its part, the WEA offered the testimony of its economist who in short, testified that the Employer's budget surplus was sufficient to support the WEA's wage proposal at least in the initial year. That WEA proposal was to return to the contract prior to the expired one which contained 11 steps over 11 years – one step for each year.

In addition, the Association proposed that teachers who have reached Step 11 would receive a one-time payment of \$2,000, part-time pro-rated, paid in March 2017. There are approximately 65 teachers out of a total of 173 FTES's at Step 11. Teachers not at Step 11 would receive \$1,500, also a one-time payment in March 2017.

The rationale for the WEA salary proposal is that it stepped to the window in the prior contract due to the financial straits the District was facing and now that the economic situation has improved, its contribution should be acknowledged by returning to the prior CBA history with an 11 step, 11 year schedule.

FACT FINDER ANALYSIS

The District's Building Performance Pay proposal is unique; there are no comparables within the ISD and none were offered state-wide. The District did offer evidence that demonstrated if the proposal had been in effect for the prior year the non-MWEA buildings would have qualified for the bonus.

More significantly, the District provided significant evidence of its salary schedule comparing favorably to very favorably with every other District within the ISD. And comparing very favorably to comparable districts, state-wide. For example, among all 12 Districts in the ISD it has the highest average teacher salary (Ex. 12) and ranks 63rd out of 900 state-wide Districts. However, any statistic is subject to being tempered. In this case there is not a direct apples to apples comparison because the data does not reveal for the comparable districts the number of FTEs at each of the 11 other ISD schools at the various salary levels (BA, BA+20, MA, MA+15, MA+30 and MA+45). Only 11% of Waverly's FTEs are at the BA level. 32% are MAs, 35% are MA+15 and above. It can be acknowledged that the composition of a teacher complement demonstrates a commitment to the District and experienced educators and role models for the students of the District. Not everything can be measured in standard test scores and achievement data. No statistics are kept, to my knowledge, on the differences that can be made in students' lives and eventual careers by the caring, guidance and examples set by each teacher. If wisdom comes with age and experience the Waverly teacher workforce fits that shoe well.

In summary, the District's position that its teachers are well paid by just about any measure is recognized here – and is not seriously challenged by the WEA.

The second part of the District's proposal is that it believes for the resources its spending it isn't returning dividends in terms of student achievement. Thus, the District is proposing to continue the 1/2 steps on the salary schedule of the expired contract but adding the \$2,000 per year annual incentive bonus based upon a building achieving a score of 2 grades (or more) better than the previous year measured against the average for the other eleven (11) districts within the ISD using state department of education student achievement scores. For grade schools, the scores would be based upon the North West Education Association Assessment. While the \$2,000

bonus would not be added to the salary schedule steps, it is not an insignificant amount. For example, just assuming the midpoint in the salary schedule step 5 of the BA level yields an increase of 4.1% ($2,000 \div 48,312$). At the BA+20 level the increase is 4% ($2000 \div 50,400$); at the MA+30 level it is 3.5% ($2,000 \div 56,668$) and at the MA+45 level its 3.4% ($2,000 \div 58,365$). At the lowest level (1-year level) it is 5.1% ($2,000 \div 39,002$); at the top of the schedule it is 2.5% ($2,000 \div 81,111$). Except at the top of the salary schedule (level 9.5 and above) the bonus in all cases exceeds the dollar amount of a half step increase, albeit as an off schedule payment there is no roll up on the next step. If realized the bonus plus the 1/2 step would for the most part be the functional equivalent of a full step increase.

Thus, if the bonus has a reasonable chance of being achieved, the District's overall economic offer is fair (and assuming the maximum hard cap level cost of the insurance program) because it keeps the teacher salaries at the top of the ISD and in the top of the 900 Districts in the state.

On the other side of the coin such a bonus incentive has no comparables and thus there is no experience against which to measure its chance of being achieved. It is an experiment. More significantly, as the testimony established the long running debate on what are the major influencers of student success (however that is measured) is, front and center in the incentive bonus concept. The testimony from the District was that is a major factor in student achievement. The Union does not deny that while teacher involvement is very important, the socio-economic status of students and their families is at least equally if not more significant as a predictor of student success. The data produced at the hearing is at best equivocal/incomplete.

The District's contention that it isn't getting relative student success results given the salaries it pays its teachers is documented. Exhibit 14 shows Waverly as next to last (only Webberville lower) among the 12 ISD Districts. However, these statistics are derived from the Mackinaw Center (not always acclaimed by all affected parties), measure only high school student achievement (the measures are not apparent) and are quite dated (2010-13). Not surprisingly, the Districts with higher incomes and greater education levels lead the pack (East Lansing, Okemos and Haslett). Some of the Mackinaw statistic infirmities, however are allayed by the Michigan Department of Education MEAP scores. Exhibit 22 shows for year 2014 that Waverly ranks below 3 other districts (considered by Waverly to be FTE cohorts) in MEAP scores (East Lansing, Haslett, Mason).¹ However the limited evidence that was offered on MEAP scores was that for the last school year Waverly was two scores better than the aggregate average for the other ISD schools. This casts serious doubt on the Mackinaw statistics listing Waverly as next to last!

The following charts display the family income and education levels for the comparables including the outlier, Lansing.

¹ The MEAP scores were not offered for the other 8 districts. However, other Michigan Department of Education statistics tend to support the Mackinaw findings. Exhibits 35 and 38 show Waverly lagging behind the ISD average as well as specifically Mason, Holt, Leslie, Stockbridge, and Webberville (economic and educational level comparators) on several axis: student performance by building, below average student growth in math and science and college readiness.

	Waverly²	Haslett	Mason	East Lansing	Holt	Williamston
Income	79,687	101,678	85,952	114,161	85,376	122,053
Education Age 18-24 BA+	70%	84.6%	60.9%	90%	59.4%	66.5%
Age 25+ BA+	70%	78.7%	67.5%	88.3%	73%	74.2%

	Leslie	Stockbridge	Webberville	48819 Dansville	Okemos	Lansing
Income	71,298	68,143	70,848	83,691	132,048	51,375
Education Age 18-24 BA+	36.1%	43.4%	50.6%	41.6%	80%	60.7%
Age 25+ BA+	54.7%	55.6%	55.8%	61%	88%	62.3%

Source: *U.S. Census – 2011-2015 American Community Survey 5-Year Estimates* (available online).

With respect to family income, Waverly ranks 4th from the bottom among all 12 Districts, which includes the largely rural districts of Dansville, Leslie, Stockbridge and Webberville, all a geographical distance from West Lansing (3rd from the bottom if Lansing is excluded). The family income disparity in the 12 districts is a close match with the F/R lunch students in these districts where Waverly is the highest with 56.79% of its students on the free or reduced lunch program (Exhibit 36). To the extent family income gives a student a better chance at academic success, this would tend to support the Association's position that it inherits a harder task at raising student achievement.

However, as can also be seen, the Waverly School District becomes a socio economic status mixed bag when considering these Districts' population educational levels. In the 18-24 age group, Waverly ranks 4th from the top. In the age 25+ age group it also ranks 4th from the top. The fact that the educational achievement level of the Waverly community is 4th from the top in both age groups likely offsets some of its income disparity.

² Using area code 48917, Waverly is essentially the Western part of urban Lansing.

Generalizations from this limited socio-economic data is hazardous. To the extent family income is an indicator of student achievement, the data would indicate Waverly's student achievement level would be expected to be below average relative to the other Districts. In terms of family education level, the reverse is true.

All this adds up to is that Waverly students relatively speaking do not enjoy the same social economic status on the family income axis but a significantly better position on the educational level axis. Combining the two factors places Waverly students at least at the mid-point relative to the other 11 districts. These demographic characteristics augur in favor of the bonus likelihood being realistic/achievable.

The debate over what influencers have the greater bearing on student achievement will continue on and won't be solved by what is done here.

On balance, I recommend the District's salary proposal, as modified modestly below, be adopted by the parties. I reach this recommendation for three reasons:

- 1) First, as the District points out the state legislator as currently constituted has expressed a preference for some merit based pay.
- 2) The District has shown at least for the past year, that the building bonus is achievable.
- 3) The risk that the bonus will not be achieved in significant part is offset by the strong likelihood that at the contract's end, the Waverly salaries will continue to lead the other 11 districts.
- 4) If the bonus is achieved in any year, the teacher has the near economic equivalent of a full step increase in that year.

In addition, I recommend a safe harbor provision in the 4th and final year of the contract that if the bonus is not achieved in any of the first 3 years, the teachers who do not achieve said bonus will move up an additional half step on the salary schedule beginning with the 4th year (2019-2020). Teachers at the top of the schedule would receive a flat sum of \$1,500 payable when the bonus outcome is known.

On the Association's proposal of a \$2,000 payment for Step 11 teachers payable in March 2017 and \$1,500 for non-Step 11 teachers, I recommend it be adopted for all teachers at \$2,000, payable on or about May 1, 2017.

The sum total of this recommendation is the memorializing of the expired CBA 11 steps, 1/2 step each year schedule with one modification as noted. This recommendation amounts to untold savings (measured against the historical 1 full step per year schedule) over the four years (and into the future if continued). It also accepts the Employer's proposed Building Performance Pay concept.

The sum total under either (bonus or no bonus) scenario is that the teacher advances five 1/2 steps over 4 years (no bonus) or advances four 1/2 steps plus a potential bonus of \$2,000, \$4,000 or \$6,000 over the CBA term. It is noted the approximately 65 teachers at Step 11 are bonus eligible and would receive the recommended \$2,000 bonus payment but receive no step advancement (except where earned, lateral movement to the next education level).

I believe the bonus concept is a reasonable sharing of the risk between the parties with some cushion for the teachers if the bonus isn't attained, further buttressed by the below insurance recommendation.

B. 1. Insurance – Economic.

Employer Proposal

8.11 The District agrees to remit its portion of premiums and Medical Benefit Plan Costs for insurance benefits as follows:

A. To full-time teachers:

1. Medical Benefit Plan Coverage:

The District shall offer [insert name of insurance product] per quote number [insert quote number]. The insurance plan shall include all elements listed in quote number [insert quote number].

The Medical Benefit Plan Coverage shall comply with the Patient Protection and Affordable Care Act, Public Act 152 of 2011 (as amended), and the IRS Code, including all requirements necessary to avoid penalties, taxes, or fines attributable to the Board. Should the plan listed above fail to comply with the PPACA, PA 152, or the IRS Code, the Parties will meet immediately to choose compliant Medical Benefit Plan Coverage. If a plan has not been chosen within 10 days, the District is free to choose a compliant plan which is generally comparable to the above listed coverage.

Upon ratification, the District's monthly insurance premium/Medical Benefit Plan cost contribution to eligible employees shall be:

Singles: \$498 per month or eighty percent (80%) of the monthly premium rate, whichever amount is less.

2-Person: \$1,093 per month or eighty percent (80%) of the monthly premium rate, whichever amount is less.

Full-Family: \$1,193 per month or eighty percent (80%) of the monthly premium rate, whichever amount is less.

Beginning in the 2017-2018 school year, there will be an increase to the medical insurance hard-caps equal to the Michigan Department of Treasury PA 152 yearly medical CPI increase. The District's current proposal assumes all funds will go to the premium; however, if the Association wishes, the District would entertain language which would fund all or a portion of the HSA (depending upon availability of funds), so long as there exists a mechanism to comply with PA 152 of 2011 by recouping an amount equal to the pro-rated portion of the HAS payments from members who do not complete the HAS calendar year in employment status which grants them health insurance contributions.

Eligible "full-time" employees shall be those who meet the definition of "full-time" as contained within the PPACA (currently working an average of 30 hours or more per week). Bargaining unit members enrolling in health insurance shall pay any additional Medical Benefit Plan costs which exceed the Board's contribution (as indicated above) through payroll deduction, or by cash or check if the individual's payroll is not large enough for payroll deduction. If paid by cash or check, the bargaining unit member's payment is due on the 1st of the month in which coverage is being purchased. The bargaining unit member's payment amount shall be the difference between the actual Medical Benefit Plan cost and the Board's contribution amount (as indicated above). These payments will be spread over the number of months containing pay periods for the fiscal year that the subscriber has elected, in twice monthly installments; however, in no instance shall the Board provide any employee pre-payment (a loan of money) to cover the individual's portion of Medical Benefit Plan costs.

B. To regular part-time teachers hired prior to July 1, 2012:

1. Teachers contracted on a regular part-time basis of fifty percent (50%) or more will receive:
 - a. Health hospitalization and/or insurance option benefits with the Board's premium contribution pro-rated according to their percentage of full-time employment.
 - b. Same dental, vision, and LTD benefits for full time teachers.
2. Teachers contracted on a regular part-time basis of less than fifty percent (50%):

- a. Are not entitled to health hospitalization or insurance options benefits. They are, however, eligible to participate in a self pay, payroll deduction basis.
 - b. Are not entitled to dental, long-term disability or vision insurance.
- ~~3. Teachers who are involuntarily reduced to part time status because of a reduction in staff will continue full insurance benefits.~~
- ~~3. Full time teachers who are involuntarily reduced to part time status because of a reduction in staff will continue to have insurance premium contributions made on their behalf of twelve (12) months after the effective date of the reduction.~~
- ~~D. A teacher who is unable to complete the school year and who is placed on an approved medical leave of absence, shall be entitled to receive District provided insurance coverage for the remainder of the current insurance year, September 30. To be eligible for this benefit, the teacher shall have been on regular employment or on approved leave with pay from the opening of the school year up to and including the last workday of October.~~

WEA Proposal

8.11 The District agrees to remit premiums for insurance benefits as follows:

A. To full-time teachers:

1. Health Insurance

- a. WEA members will receive full family health hospitalization protection through MESSA ABC Plan 1, as indicated below.
 - \$1,300/\$2,600 in-network deductible (\$2,600/\$5,200 out of network deductible), or the deductible minimum for a health benefits plan to comply with the HAS eligibility, as determined by the Internal Revenue Service (IRS). In the event that the IRS increases the minimum deductible amount, the above-stated deductible shall be adjusted to that amount. However, no increase in the minimum deductible amount shall result in the District exceeding the spending limitations contained in the Publicly Funded Health Insurance Contribution Act (2011 Public Act 152) or any successor enactment.
 - OV copay; UC copay; ER copay – N/A

- o ABC RX copay
- b. New hires and bargaining members who are ineligible to participate in an HSA due to limitations established by the Internal Revenue Service may elect in writing to receive full family health hospitalization protection through MESSA Choices II, as indicated below, instead of MESSA ABC Plan 1. New hires, however, must transition to MESSA ABC Plan 1 on January 1 of their year of hire.
 - \$300/\$600 in-network deductible;
 - \$5 OV copay; \$25 ER copay; \$10 UR copay;
 - \$10/\$20 RX copay.
- c. Beginning upon ratification of this Agreement, the District's monthly insurance premium contribution shall be equal to the PA 152 Hard Cap Maximum.

In the 2016-2017 school year, those numbers shall be as follows:

Singles: \$505 per month
 2-person: \$1,100 per month
 Full-Family: \$1,395 per month

FACT FINDER ANALYSIS

Health Care

The nature of health care, while always a thorny subject is easier to recommend in this situation. The parties are coming off a CBA where the District was paying under the Hard Cap Maximum allowed by state law. PA 152 § 3; MCLA 15.563. The maximum is \$511.84 p/m (\$6,142 p/yr) for each single person, \$1,070.42 p/m (\$12,845 p/yr) for 2-person and \$1,395.93 p/m (\$16,751 p/yr) for family coverage. A \$2,500 (2-person and full family) (\$1,300 contribution for a single person) contribution to the HSA account was not continued in January 2017 and is the subject of an unfair labor practice charge. Thus, it is not within my purview.

There has been no evidence introduced into the record that a cost sharing at the full cap (the employee currently pays about 43%) is out of line internally or with the other 11 school districts. Therefore, I recommend the WEA proposal to continue the existing insurance plan/provision with the District paying the full cap contribution permitted by statute.

The contribution by the teacher for full family is over \$900 per month, or approximately \$11,000 per year. Such an employee contribution rate of 40% is double the usual rate found in private employment. Of course the MESSA ABC Plan 1 is an excellent and expensive insurance plan preferred by the WEA. It is noted the District's burden is significantly reduced by approximately 60 teachers opting out for a \$250 per month in lieu of the MESSA insurance.

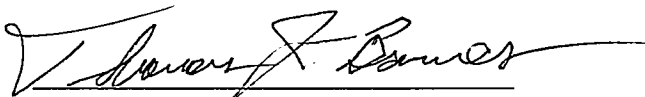
An additional reason for recommending a full cap contribution be made is that it helps balance the uncertainty of the bonus proposal remuneration and is also some buffer to my recommended salary 1/2 step proposal of the District, away from the historical annual full steps.

6. SUMMARY OF RECOMMENDATION

ISSUE	RECOMMENDATION
Salary	<p>I recommend the Employer's salary proposal of an 11 step schedule with teachers advancing 1/2 step per year with the following modification:</p> <p>I recommend the Employer's Building Performance Pay proposal with one modification:</p> <ul style="list-style-type: none"> • If the Building Bonus is not achieved in any of the 3 years, each teacher will be advanced to the next 1/2 step on the salary schedule beginning with the 4th year of the contract (Aug-Sept, 2019). Teachers at the top of the schedule would be paid a flat sum of \$1,500 at the same time.
Off Schedule Payment	I recommend the WEA proposal of a one time off schedule payment of \$2,000 to each teacher, pro rata for part-time, payable on or about May 1, 2017.
Health Insurance	I recommend the WEA proposal that the maximum amount allowable under state law on the hard cap be paid by the District each year.
Unresolved Issues	The parties have four less significant unresolved issues that if remaining unresolved on April 25 will be submitted to the undersigned for recommendation and become Part 2 of this Report.

Respectfully submitted,

April 11, 2017


 Thomas J. Barnes, Fact Finder