

IN THE MATTER OF AN INTEREST DISPUTE CONCERNING THE TERMS AND
CONDITIONS OF THE COLLECTIVE BARGAINING CONTRACT BETWEEN:

MILTON-UNION EDUCATION ASSOCIATION

RELATIONS BOARD
Date: 10 07 AM '96

and

THE MILTON-UNION EXEMPTED VILLAGE SCHOOLS

Case No.: 96-MED=03-0205

Hearing date: November 30, 1996

Hearing Location: Milton-Union Exempted Village Schools, Board Offices

Employee Association Representative: James Romick, Labor Relations Consultant, OEA

Employer Representative: Larry A. Smith, Attorney, Young, Pryor, Lynn & Jerardi

Fact-Finder: Ann C. Wendt, Ph.D., SPHR - Fairborn, Ohio

Date of Fact-Finding Report: December 9, 1996

STIPULATION 1

The parties stipulated that although SERB may not have received notification from the parties concerning postponements during the instant dispute, they concur that as of November 30, 1996, 11:00 a.m., this is a timely dispute in full compliance with SERB Rules.

STIPULATION 2

The parties stipulated that all tentative agreements concluded during their negotiations and/or through mediation shall continue if either party rejects the Fact-Finding Report. The five (5) disputed issues before the Fact-Finder are: retroactivity, salary, index change, employee contributions for health care premiums and planning time. Should either party reject the Fact-Finding Report these five (5) issues would be the only issues in subsequent processes to resolve the instant dispute.

CRITERIA

Pursuant to 4117-9-05(J) State Employment Relations Board, the Findings of Fact and Recommendations presented in this Fact-Finding Report are based on reliable information relevant to the issues before the Fact-Finder.1

ISSUE: RETROACTIVITY

Positions

Employer: The contract shall not be retroactive, it shall be effective when the parties reach agreement.

Association: The contract shall be effective July 1, 1996.

Findings of Fact

1. The Board had a three percent (3%) wage offer on the table before the 1996-97 school year began. This offer was rejected by the teachers. The issue of retroactivity was raised by the Employer's Representative when he entered the negotiations.
2. Negotiations between the parties commenced in late March or early April 1996.
3. The last bargaining session was held August 22, 1996, seven (7) or eight (8) sessions were held earlier. The Board's Chief Negotiator also left on that date. The SERB Mediator was not available until September 30, 1996. November 15, 1996 was the earliest mutually agreeable date between the parties and the Fact-Finder. (Association Exhibit 6)
4. The voters approved the school levy November 5, 1996. Therefore, the parties cancelled the November 15th Fact-Finding to resume negotiations. The parties met November 22nd, but failed to reach a settlement. The Fact-Finder was contacted that day and offered November 29th and 30th as mutually convenient dates.

Analysis and Recommendation:

The parties in Stipulation 1 concurred that these proceedings are timely and fully in compliance with SERB's Rules. The Record is void of evidence that supports a conclusion of deliberate delaying tactics by the Association or its members. Denial of retroactive salary payments upon settlement of the contract would unjustly penalize the bargaining unit members for postponements mutually agreed to by the parties and for scheduling conflict with the parties and the neutrals. **Therefore, the contract shall be effective July 1, 1996 and the bargaining unit members shall receive retroactive pay effective July 1, 1996.**

ISSUE: SALARY

Association: FY96-97 three and one-half percent (3-1/2%), FY97-98 four percent (4%), FY98-99 four percent (4%).

Employer: Three percent (3%) each year of the three-year contract, 1996-97, 1997-98, 1998-99.

Findings of fact

1. The *Dayton Daily News* (August 22, 1996) published a comparison of salary increases, 1993-95, of medium-size Miami Valley Schools. During this period the percentage change in Milton-Union teacher's salaries was 3.4%. (Association Exhibit 3, p.1)
2. A comparison of average salaries within Miami County, FY91-FY95 reveals a change from \$30,180 (FY91) to \$32,078 (FY95). In four of the five years, Milton-Union ranked fourth in the comparison, in FY92 it ranked fifth. The Miami County average in FY-95 was \$35,190 and the state average was \$36,926 in FY95. (Association Exhibit 3, p.3)
3. Milton-Union's current starting salary is \$21,336. A three percent (3%) increase would bring this to \$23,977 and the Association's three and one-half percent (3-1/2%) proposal would be \$22,083. (Association Exhibit 3, p.5)
4. Comparison of salaries among Miami County Schools at the 150 hour level shows current salary at \$38,348. The Employer's proposal would increase it to \$39,536 and the Association's proposal would bring it to \$39,727. (Association Exhibit 3, p.6)
5. Comparison of the salaries among Miami County schools at the Master's degree level show Milton Union's current salary at \$40,942. The Employer's proposal would raise it to \$42,459 and the Association's proposal would increase it to \$43,017. (Association Exhibit 3, p.7)
6. Comparison of the salaries among Miami County schools at Master's 30 hours (M-U has a Master's 24) shows a current salary of \$42,630. The Employer's proposal would increase it to \$43,940 and the Association's proposal would increase it to \$45,181. The Association's salary proposal at this level includes the proposed index change which is fully presented under the Index Change Issue of this report. (Association Exhibit 3, p.8)
7. Comparison of the salaries among Miami County schools at the maximum salary level shows Milton-Union at \$42,630 in 25 years. The Employer's proposal would raise this to \$43,940 and the Association's proposal would raise it to \$45,181. The Association's proposal at this level includes the index change which is fully presented in the Index Change Issue section of this Report. (Association Exhibit 3, p.8)
8. The average salary increase at the base rate salary over the seven year period beginning in FY89 is 2.97%. There was a salary freeze in 1989-90 and 1993-94. The 1993-94 freeze was caused by a ventilation problem in the school system. At the time of the negotiations it was estimated that it would cost \$800,000 to \$1,000,000 to repair it. The Employer's Chief Negotiator requested a freeze since there were insufficient funds to repair the ventilation problem and give a salary increase. The Association agreed to the freeze because it recognized the necessity of repairing the ventilation problem. (Association Exhibit 3, p.9).

9. A three percent (3%) salary increase actually increases salary costs by a higher percentage since roll-in costs also increase. For example, Teacher A, with a Bachelor's degree and at the fourth step, who currently is paid \$25,082, with a three percent (3%) raise not only automatically goes to step 5 on the present salary schedule, but also gets three percent (3%). In this case the actual affect is six and nine-tenths percent (6.9%). Teacher B has a Master's degree plus 24 would receive actual increases under the increased index of eight and eight-tenths percent (8.8%), seven and three-tenths percent (7.3%) and seven and two-tenths percent (7.2%). Employer Exhibit 2)
10. Milton-Union teachers work a seven and one-half hour (7-1/2) hour day, of which one-half (1/2) hour is a paid lunch. All Administrators regularly work eight (8) hours. They also have external responsibilities that demand time outside the scheduled hours, e.g., Rotary attendance for the Superintendent. The Associations's FY96-97 proposal, would result in 25 teachers being paid more on an hourly basis than the Superintendent, it gets worse when the hourly rates of the Business Manager, High School Principal, Middle School Principal, Elementary School Principal and Assistant Principal are considered. (Employer Exhibit 5)
11. The State Department of Education recommends that the expenditure for salary including benefits expenditures should not exceed (Indications of Fiscal Health) 80 percent. (Employer Exhibit 6, p. 6). Employer Exhibit 7, the proposal for salary increases of three percent (3%) in each year of the contract compared to Employer Exhibit 12 reveals that salary and benefit costs begin to exceed the State's recommendation of 80 percent. These increases accelerate throughout the term of the contract.
12. A mill in the Milton-Union School District is approximately \$100,000. The difference between the Employers proposal and the Association's proposal in FY98-99 is \$194,640 (Employer Exhibit 9) A salary increase of four percent (4%) with no change in the index would consume nearly two mills.
13. A 1991 report commissioned by the Heartland Institute, Cleveland, Ohio studied the problem of increasing taxes in Ohio (Employer Exhibit 10). Page 42 of that report reveals, "Real wages have risen noticeably for teachers over time, in marked contrast to the decline in real wages for many Ohioans working in the private sector. ...teachers working nine months a year in 1978-79 earned about 13 percent less than the average production worker in manufacturing working 12 months a year. By 1990...teachers were earning 11 percent more. These salary figures exclude fringe benefits which are large and growing for school employees. ..." Retirement benefits under the State Teachers' Retirement System alone example of roll-in costs of salary increases since that involves a fourteen percent (14%) employer contribution based on the salary rate.
14. Employer Exhibit 13a reveals that on starting salary with the Employer's proposal, Milton-Union would be six out of twelve districts (including Vandalia, Northmont and

Huber Heights which are Montgomery County Districts). Limiting the comparison to Miami County Districts, Milton-Union would be third out of nine districts.

15. Employer Exhibit 14 reveals that Milton-Union is seventh in the amount of value available to tax in Miami County. Yet, their wage proposals are consistently third out of nine in Miami County.
16. Employer Exhibit 15 reveals that the average federal adjusted gross income for Milton-Union residents places the District eighth out of twelve. Comparing Milton-Union to other Miami County Districts, it is fifth out of nine districts.
17. The history of Milton-Union voters concerning approval of millage levies is that they have approved periodic increases, but the District has been kept on a short leash and is required to go back to the voters every three or four years.

Analysis and Recommendation:

The Findings of Fact reveal that the Employer's proposal of a three percent (3%) salary increase during each year of the three year contract would maintain its salary position when compared to the other Miami County Districts. The Findings of Fact are void of evidence supporting acceptance of the Association's three and one-half percent (3-1/2%), four percent (4%) and four percent (4%) proposal at a time when Ohio voters, across the state, are increasingly unwilling to approve school levies. The voters in the Milton-Union Exempted Village School District have consistently approved temporary increases in the school levy, most recently on November 5, 1996. Yet, both the Board and the Association must maintain positions that exemplify fiscal responsibility to convince the voters in future elections to continue their favorable response to temporary increases in the school millage levy. **Therefore, the recommended salary increase is three percent (3%) per year for FY96-97, FY97-98 and FY98-99.**

ISSUE: INDEX CHANGE

Positions

Association: During the 1996-97 year a five percent (5%) increase in the index shall be granted bargaining unit members holding a Master's degree or at the maximum salary level.

Employer: No change in the index.

Findings of Fact

1. The cost of the Index change (current staff of 112) at the current base of \$21,337 would be \$4,372,150, with an index of 204.903. (Association Exhibit 3, p.11)
2. The current index without the index change is 203.9699.

3. A three and one-half percent (3-1/2%) salary increase with the proposed index change would cost \$4,525,013. (Association Exhibit 3, p. 12)
4. A four percent (4%) salary increase during 1997-98 would cost \$4,705,947 using the revised index. (Association Exhibit 3, p.13)
5. A four percent (4%) salary increase in 1998-99 would cost \$4,894,259 with the revised index. (Association Exhibit 3, p. 14).
6. The Association recognizes there is a built-in cost of index advancement, even if salaries remain the same because people advance through the completion of advanced degrees and the accumulation of seniority. The Association estimates that cost ranges between two and three percent (2-3%) per year. (Association Exhibit 3, p. 15)
7. Indices are essential to recruit and retain public school teachers in the classroom since they forego the opportunity to advance through promotions which are available to individuals who choose other occupations. The index enables teachers to anticipate the salary progress they can expect throughout their career with a school district. The philosophical idea of an index is included in Ohio Law in the foundation money. Employer Exhibit 21 contains the State minimum salary schedule to receive foundation money. The highest paid teacher under the minimum salary schedule must be paid \$\$27,591.

Analysis and Recommendations:

While initially, the Association's proposal to increase the index by five percent (5%) for bargaining unit members with a Master's degree at the maximum salary levels appears minimal, when closely evaluated in terms of the multiplier affect and roll-in costs, acceptance of this proposal has the potential to jeopardize and ultimately destroy the fiscal health of the Milton-Union District. Moreover, the Findings of Fact are void of evidence supporting a compelling reason that an increase in the index at the top two salary levels is necessary at this time. **Therefore, the recommendation is that the index remain at its current level.**

ISSUE: EMPLOYEE CONTRIBUTIONS FOR HEALTH INSURANCE PREMIUMS

Positions

Association: Employee contribution of \$20 per month for single coverage and \$40 per month for family coverage shall remain unchanged.

Employer: Employer pays no more than \$370 per month for family coverage and no more than \$190 per month for single coverage with the employees paying the remainder of the premium.

Findings of Fact:

1. The Employer's proposal would increase the employee contribution by 42 percent per

year for single coverage and the family plan coverage would increase by 57 percent per year. (Association Exhibit 4, p.3)

2. The last proposal submitted by the Employer to the Association for health insurance contributions was that the contribution would remain unchanged. Now it appears the Employer's position has changed.
3. The Employer's Representative reported that the reason the Employer's position concerning Employee contributions for health insurance changed between the August 22nd negotiation session and the Fact-Finding hearing was that during the former the negotiations were for a one-year contract and the Employer had concluded it could live with the present contribution system under that type of settlement. Since that time, the parties have concluded that a three-year contract is preferable. Therefore, a change in the level of employee contributions for health care also is necessary.
4. The Employer in proposing an employee contribution of a percentage of the total premium in lieu of a fixed amount per month is an attempt to get the attention of the Association and its members concerning the steadily increasing cost of health care insurance. The Employer is seeking involvement of the Association in considering cost reduction measures such as point of service (traditional coverage which permits individuals to select their physician which costs more versus HMO plans which reduce personal choices of physicians, but cost less); higher deductibles under the same plan; and other cost saving measures.
5. The first year of the Employer's proposal actually puts the bargaining unit members in a slightly better position than they were under the prior contribution schedule. This will hopefully get their attention and encourage their active participation in working with the Employer to reduce the cost of health care insurance.
6. Health insurance premiums have been increasing at a rate of ten percent (10%) per year, except for the current year.

Analysis and Recommendations:

Spiraling health care costs is a nation-wide problem plaguing employers, employees, unions, government regulators and the public. It is a problems that requires active participation of all players. In the context of the instant dispute, it is essential that the employer, employees and the Association leadership collaborate to reduce spiraling health care costs while maintaining health care coverage at an acceptable level. **Therefore, it is recommended that for FY96-97 the current employee contributions of \$20 per month for single coverage and \$40 per month for family coverage be maintained. A contract reopener effective April 1, 1997 and April 1, 1998 shall be provided for the purpose of negotiating only health care contributions shall be provided. Should the parties reach a settlement for both FY97-98 and FY98-99 During the FY97-98 reopener, the FY98-99 reopener will be cancelled.**

ISSUE: PLANNING PERIOD, SECTION 2 INTERNAL SUBSTITUTION

Positions

Employer: A teacher substituting for an absent teacher will be paid at pro-rata hourly rate of \$15.79 (Home Instruction).

Association: Every effort will be made to acquire or recruit substitute teachers for absent teachers. A regularly employer teacher will not cover for an absent teacher.

Findings of Fact:

1. The shortage of substitute teachers frequently results in regularly employed teachers being asked by Administrators to forego their planning hour to substitute for an absent teacher. This necessitates the teacher adjusting their planned activities to provide service to the District and its students. Furthermore, it frequently requires that the teacher take work that was to be done during that period home.
2. Ohio Law includes provision for planning time.

Analysis and Recommendations:

Ideally, a teacher's planning time should be used at their discretion for the many student activities they are required to perform throughout the school year. Yet, the shortage of substitute teachers is a recognized and real problem for the District, its teachers and students. Therefore, recognizing that situations may arise when a substitute teacher cannot be secured, the pro-rata hour payment provides some equity for the teacher's inconvenience in forgoing their planning period. **It is recommended that the pro-rata hourly rate of \$15.79 be paid to regular teachers who substitute for absent teachers.**

The foregoing Recommendations are respectfully submitted to the parties as a proposed settlement for the interest dispute concerning the terms and conditions of their collective bargaining contract.

December 9, 1996
Date

Ann C. Wendt
Ann C. Wendt, Ph.D., SPHR