


MASB
MICHIGAN ASSOCIATION
OF SCHOOL BOARDS

The Road to Fact Finding

A Case Study of One District's
18 Month Journey

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MASB




Initial Meeting

April 21, 2014

BACKGROUND

- Current teacher contract set to expire June 30, 2014 (2 year agreement).
 - Support staff recently took a 1% cut which district was hoping to restore in separate negotiations.
 - Prior negotiations were acrimonious with the district feeling like they spent too much and the teachers feeling like they gained too little.
 - Teachers now expecting "to get paid" for everything they "gave up" to "help the district" during the last bargaining session.
 - Prior contract still contained Agency Shop language as well as other prohibited subjects of bargaining.



Initial Meeting

April 21, 2014

DISTRICT GOALS

- District bargaining team is hoping for a 1 year contract which the staff will be satisfied with but keeps costs under control.
 - Outer limits = step + 2% on-schedule raise.
- Short contracts allow for a yearly review of finances and adjustments based upon those.
- Teachers had always received their step in the past.
- Teachers had never experienced a pay cut.

Digging a Little Deeper

Prior to initial bargaining session we take a hard look at the districts financial outlook:

The first chart, 'Revenues and Expenses 2008-2016', shows a downward trend in both revenue and expenses from 2008 to 2009. The second chart, 'Fund Balance Trend 2008-2016', shows a steady decline in fund balance from 2008 to 2009. The third chart, 'PPF Enrollment 2009-2016', shows a significant decrease in enrollment from 2009 to 2016.

Digging a Little Deeper

Prior to initial bargaining session we take a hard look at the districts financial outlook:

The bar chart compares revenue and expenses for 2008 and 2015. In 2008, revenue was \$20,000,655 and expenses were \$19,753,044. In 2015, revenue was \$18,126,236 and expenses were \$18,307,579.

Year	Revenue	Expenses
2008	\$20,000,655	\$19,753,044
2015	\$18,126,236	\$18,307,579

A Frank Discussion

All of the financial indicators are heading in the wrong direction, and fast.

Time to “pull back on the reigns.”

Too many districts wait until it’s too late to begin reducing salary costs.

Avoiding Deficit District Status must become the priority

A Frank Discussion

At its current rate, the district is 6-7 years away from being a deficit district.

The time to start making cuts is now.

District's Initial Proposal:

- 1 year agreement
- No steps (lanes granted)
- 2% on schedule cut

A Frank Discussion

The thought:

- Establish the "reality" of the district's financial situation.
- Establish that, if trends continue, cuts are coming at some point.
- Acquaint all with the concept of Deficit District Status and the need to avoid it (or put it off as long as possible).

The First Negotiation Session

May 1, 2014

District Proposal

- 1 Year Contract
- No Steps
- 2% pay cut

Union Proposal

- 1 Year Contract
- 1% added to all extra curricular duties

Total Cost:
\$549,248
In year 1
\$1.65 Million
over 3 years

The First Negotiation Session

Recall...

Year	Fund Balance
2008	\$4,760,013
2009	~\$3,800,000
2010	~\$3,500,000
2011	~\$3,400,000
2012	~\$2,800,000
2013	~\$2,800,000
2014	\$2,530,314

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The First Negotiation Session

At the Table:

- The District's financial situation is explained
- The Union bargaining reps "understand" the situation and accept it... but "we must remain firm in our requirements."

"We won't get our membership to vote for anything that doesn't incorporate steps and a raise to make up for what was taken last time."

"Can't keep balancing the budget on the backs of the teachers!"

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The First Negotiation Session

At the Table:

Based upon things that occurred during prior contract negotiations the union is informed that all proposals will be posted on the district website.


- This is not well received.

Why do this?

- Transparency
- No Spin


By the end of negotiations the union was asking when the postings would go up so that they could tell their members to "just look there."

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The Process

- Communications and meetings continue to occur over the next three months.
- District softens on cuts, begins to offer “share the wealth” proposals.
- Calendar agreement reached, but union refuses to ratify.
- Union requests mediation.



First Mediation

July 31, 2014

- Realization that the year may start without a contract takes hold.
- Mediator is frank about the situation.
 - Understands District circumstances but acknowledges that the Union is refusing to budge.
- Teams explore longer term contracts (3 yrs.) with small, “controlled” raises.



First Tentative Agreement

September 8, 2014

- District is now willing to increase pay, but only in a small, controlled manner.
- Union is now more amenable to discuss realistic numbers.
- “Baby steps” toward *affordable* 1 year contract.


“We have to have *something*. Just give us an offer without cuts and we can probably get a deal, but we can’t take a *cut* back to our members.”

First Tentative Agreement

September 8, 2014

- One year agreement
- No steps
- Land
- \$500,000 bonus
- Insurance contribution to maximum allowable levels
- 1% increase to schedule C&D

Total cost through
June 30, 2015:
\$177,000




First Tentative Agreement

September 8, 2014


- One year agreement
- No steps
- Land
- \$500,000 bonus
- Insurance contribution to maximum allowable levels
- 1% increase to schedule C&D


REJECTED
by members:
September 22, 2014



Post TA #1

- Transition has been made from demanding cuts to providing a raise of some type: NO GOING BACK.
- District no longer has incentive to move the talks along; let the union dictate the pace.
- Superintendent of schools is added to bargaining team at the union's request.






Post TA #1

- Sporadic meetings continue.
- Calendar is being implemented on a month to month basis.
- Union has no sense of urgency, despite the fact that every day that goes by they are now technically *losing* money based upon the rejected TA.

"Steps and lanes are *critical* to getting a deal passed by our members."




Second Mediation

November 13, 2014

- District arrives at mediation with offers that rely on "share the wealth" concepts.
- Union tells mediator that they must get a step.

"A Step isn't a raise, it's a fundamental right under the contract!"



Second Tentative Agreement

November 13, 2014

- One year agreement
- Steps
- Insu com
- 1% increase to schedule C&D
- 7% increase to the robotics stipend

Total cost through June 30, 2015: \$101,000

? Less money than before?


Yes... but steps constitute "built in" costs.

Second Tentative Agreement

November 13, 2014

- One year agreement
- Steps and lanes
- Insu com
- 1% in
- 7% increase to the robotics stipend

REJECTED
by members:
September 22, 2014



Post TA #2


- Again, every day without a contract saves the district money.
- Union steps up its "visibility" within the community: T-shirts, signs.

Our teachers deserve a fair contract!!




Post TA #2


- Again, every day without a contract saves the district money.
- Union steps up its "visibility" within the community: T-shirts, signs.
- Union has no urgency to resume talks.
- District begins to push for additional meetings.
- Explore reducing insurance costs.



Post TA #2

Next meeting: January 26, 2015

- 9 months after initial meeting.
- 7 months after contract expired.
- 3½ months after last TA rejected.
- Union adds members to its team (more cooks in the kitchen).




Post TA #2

January 26, 2015

- Union submits *informal* proposal:
- 2 years
- \$
- 1
- Insurance contribution to maximum allowable level

Total cost through
June 30, 2015:
\$68,000



Post TA #2


January 26, 2015

- Union submits *informal* proposal:
- 2 years
- \$
- 1
- Insurance contribution to maximum allowable level

Total cost through
June 30, 2015:
\$68,000

Total cost through
June 30, 2016:
\$459,500

All **BUILT IN** costs. This proposal will also cost the district \$391,500 for '16-'17... and that's without having negotiated a new deal!




Post TA #2

January 26, 2015

- Union submits *informal* proposal:
 - 2 years (2014-2016)
 - Steps/lanes for both years
 - 1% *on-schedule* raise for '15-'16
 - Insurance contribution to maximum allowable level
- Proposal is rejected by district.


"Based on feedback from our members, the district needs to put some *real* money in our pockets to show that the board appreciates us."



Post TA #2

January 26, 2015

- District team is exasperated.
 - They need "something" and we give them "something"! – REJECTED!
 - They need that "something" to be a step, so we make it a step! – REJECTED!
 - Now we're back to proposals that are nearly as bad as their initial offer!
- "Let's just get something done!"



Post TA #2


January 26, 2015

"Let's just get something done!"

"I'm sick of feeling like we're bashing our teachers!"

"Let's just give them what they want, and then, when the district goes under, we've proven our point."

CAREFUL!!




Post TA #2

January 26, 2015

Ask yourselves:

- Is the community taking a side?
- Are we falling prey to a tactic?
- Teacher compensation must be viewed through the prism of your peers...
 - Remember how we're doing vis-à-vis surrounding districts re: compensation
- Do right by the district/do right by the kids.




Post TA #2

January 26, 2015

Time to give them our "top" offer:

- \$1,000 off-schedule payment
 - Tax free? Sure. Make it \$1,400
- Insurance contribution to remain at '13-'14 levels.
- Negotiations for '15-'16 to begin after May 5 road funding vote.

This gets us a contract, and the build-up sets us up for "serious" talks regarding cuts for the next year should the financial situation continue down its current path.





Third Tentative Agreement

January 26, 2015

- One year agreement
- \$1,400 off-schedule payment
- Insurance contribution to remain at '13-'14 levels
- Negotiations for '15-'16 to begin after May 5 road funding vote

Total cost through June 30, 2015: \$231,000






Third Tentative Agreement

January 26, 2015

- One year agreement
- \$1,400,000 increase in salary
- Insurance contribution to remain at 13%
- Negotiations for '15-'16 to begin after May 5 road funding vote

REJECTED


by members:
February 11, 2015



Post TA #3

- Anticipating yet another rejected TA, we had a press release ready to go.
- After being informed of results by union, we receive no additional contact for over a month.
 - Where is the urgency?
- Union continues to message re: "fair contract" but the message is not impactful.

The situation just keeps costing teachers more money.




Post TA #3

- Union is now taking no ownership of the prior agreements with its members.
- Does their bargaining team even have the authority to bargain?
- Unfair Labor Practice?

"This is what we get for trying to act in good faith."


"Let's just give them what they want and blame them for bankrupting the district."

"We should file a ULP and implement a contract."



Post TA #3

- Union indicates that it will “be in touch” regarding our next meeting.
 - We hear nothing for 3 weeks.
- Meanwhile the rumor is that the district is dragging its feet and isn’t bargaining in good faith.
 - This, after 3 TA’s have been reached, all rejected by union membership.
- Press releases and discussions with the media help get a counter message out.




Post TA #3

Next Meeting: March 31, 2015

Union proposal:

Total cost through June 30, 2015: \$0

- 0% raise for remainder of '14-'15
- 2 steps for '15-'16
- 1% on schedule raise for '15-'16
- Insurance contribution set between '14 and '15 limits



Post TA #3

Next Meeting: March 31, 2015

Union proposal:

Total cost through June 30, 2016: \$421,200

- 0% raise for remainder of '14-'15
- 2 steps for '15-'16
- 1% on schedule raise for '15-'16
- Insurance contribution set between '14 and '15 limits

Post TA #3


Next Meeting: March 31, 2015

Union proposal:

- 0% raise for remainder of '14
- 2 steps for '15-'16
- 1% on schedule raise for '15-'16
- Insurance contribution set between '14 and '15 limits

Total cost through
June 30, 2017:
\$842,400

Again, **BUILT IN** costs. Negotiations in the Spring of 2017 *begin* with these additional expenses as the new base line.




Post TA #3

March 31, 2015

District's response:


"We're going to Fact Finding."




Post TA #3

March 31, 2015


- Should the district be asking for Fact Finding here?
 - Sit back, wait, and save some money! Right?!
 - This is not how the board felt.
 - RESOLUTION WANTED.
- The Union appeared to think that community pressure would mount but there was no evidence for this.
 - Nevertheless, the board did want a resolution.






Fact Finding?

- Non-binding.
- Generally must occur before a district can implement.
- Will often cause the Union to “ramp up” its rhetoric.




Pre-Fact Finding

- Fact Finding information gathered and request filed by April 7.
- Union requests that negotiations remain ongoing.
 - District responds that proposals will still be entertained, but under no duty to meet face to face.
 - Union begins to inform its members that District is “refusing to bargain.”



Pre-Fact Finding


- Union begins to wage its own “hearts and minds” campaign.
 - Flyers requesting support at board meetings.
 - Ineffectual, few teachers show up, even fewer community members.
- District prepares brief but detailed presentation outlining its financial situation as a board meeting agenda item.
 - Bolstered by news articles detailing crisis in other districts.



Pre-Fact Finding

The Process:

- Possible Fact Finders are vetted.
 - District's private counsel assisted in selection.
 - Both sides chose same individual.
- Date set for June 30, 2015.
- Presentation begins to take shape immediately.
- MEA utilizes an attorney and economist to assist the local Uniserve.




Pre-Fact Finding

The Process:

- A week before the hearing, MEA attorney approaches with a proposal to make the Fact Finder's recommendation "binding."


<p style="text-align: center; margin: 0;">Pros:</p> <ul style="list-style-type: none"> - Ensures that the matter ends with Fact Finding. - Demonstrates that the board is willing to follow the recommendations of a third party. - Precludes any need to implement. 	<p style="text-align: center; margin: 0;">Cons:</p> <ul style="list-style-type: none"> - Can unnecessarily lock the district into an unaffordable contract. - The District can always simply implement. - Do we have the legal authority to even do this?
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Pre-Fact Finding

Question:
Should you make Fact Finding "binding" from a district's perspective?


Answer:
Generally, NO.
But, there can be situations where it makes sense for your district.



Pre-Fact Finding

The school board decided that making the fact finder's decision binding upon the parties served a greater purpose here.

“If a neutral third party comes back and tells us that we're wrong, that we CAN afford more and that the teachers deserve more, than we should give it to them.”



Pre-Fact Finding


“If a neutral third party comes back and tells us that we're wrong, that we CAN afford more and that the teachers deserve more, than we should give it to them.”

- The problem with this, of course, is that sometimes the fact finder really doesn't grasp things as well as you might hope.
- Do Fact Finders really go “off the rails” that often? NO.




Fact Finding

June 25, 2015




Fact Finding

Union Theme:
The district has reached a “new normal” and enrollment declines will begin leveling off. Likewise the legislature is about to start funding schools much better.



Fact Finding

District Theme:
The district has been experiencing declines in enrollment, revenue, and fund balance for nearly 8 straight years and all projections indicate that this will continue for the foreseeable future.



Fact Finding

How do you demonstrate your argument?
Be straightforward, simple, and to the point.

Fact Finding

Show trends over time for the primary financial indicators:

The first chart, 'Revenues and Expenses 2008-2016', is a bar chart with a y-axis from \$16,000,000 to \$20,500,000. The second chart, 'Fund Balance Trend 2008-2016', is a line graph with a y-axis from \$0 to \$5,000,000. The third chart, 'PPF Enrollment 2009-2016', is a line graph with a y-axis from 1900 to 2300.

Fact Finding

Rebut any notions that teacher's "haven't gotten a raise in years" and explain the cumulative effect of steps, lanes and raises.

Fact Finding

Cumulative Effects of Teacher Salary Schedule, Lane and Step Increases Only:

This is an example of total percent increase in salary for a teacher, based on the following:

- Teacher hired at the beginning of the 2003-2004 school year at Step BA-1
- Teacher moved to MA in 2007-2008

Year in District	Lane	Salary Step	Salary	Salary Increase (Dollars)	Salary Increase (Percent)
1st	BA	1	\$37,818		
5th	MA	5	\$41,717	\$3,899	10.31%
10th	MA	10	\$48,506	\$10,688	28.26%
13th	MA	13	\$54,435	\$16,617	43.94%

Fact Finding

Based upon this system, teachers who do not change lanes (by pursuing additional credentials) and those at the top of the scale benefit less from step increases.

NAME	LANE/STEP	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
M.B.	MA+30/31.5	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00
Top of the schedule						
no additional lanes available						
Making maximum amount						

Fact Finding

Based upon this system, teachers who do not change lanes (by pursuing additional credentials) and those at the top of the scale benefit less from step increases.

NAME	LANE/STEP	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
M.B.	MA+30/31.5	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00
G.R.	BA+30/30	\$62,482.00	\$62,482.00	\$62,482.00	\$63,164.00	\$63,164.00
Top of the schedule						
no additional lanes taken						
Making maximum amount						

Fact Finding

Based upon this system, teachers who do not change lanes (by pursuing additional credentials) and those at the top of the scale benefit less from step increases.

NAME	LANE/STEP	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
M.B.	MA+30/31.5	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00
G.R.	BA+30/30	\$62,482.00	\$62,482.00	\$62,482.00	\$63,164.00	\$63,164.00
M.O.	MA+15/8	\$39,571.00	\$41,035.00	\$42,562.00	\$50,216.00	\$51,182.00
Middle of the schedule						
Advanced from BA to MA+15						
Increased salary 29.3% in 5 years						

Fact Finding

Based upon this system, teachers who do not change lanes (by pursuing additional credentials) and those at the top of the scale benefit less from step increases.

NAME	LANE/STEP	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
M.B.	MA+30/31.5	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00
G.R.	BA+30/30	\$62,482.00	\$62,482.00	\$62,482.00	\$63,164.00	\$63,164.00
M.O.	MA+15/8	\$39,571.00	\$41,035.00	\$42,562.00	\$50,216.00	\$51,182.00
D.B.	MA+15/5	\$37,818.00	\$38,284.00	\$40,212.00	\$44,681.00	\$49,251.00

Middle of the schedule
Advanced from BA to MA+15
Increased salary 28.9% in 5 years

Fact Finding

Based upon this system, teachers who do not change lanes (by pursuing additional credentials) and those at the top of the scale benefit less from step increases.

NAME	LANE/STEP	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
M.B.	MA+30/31.5	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00
G.R.	BA+30/30	\$62,482.00	\$62,482.00	\$62,482.00	\$63,164.00	\$63,164.00
M.O.	MA+15/8	\$39,571.00	\$41,035.00	\$42,562.00	\$50,216.00	\$51,182.00
D.B.	MA+15/5	\$37,818.00	\$38,284.00	\$40,212.00	\$44,681.00	\$49,251.00
L.H.	MA+18/17.5	\$44,919.00	\$50,406.00	\$52,382.00	\$52,382.00	\$54,437.00

Middle of the schedule
Advanced from BA to BA+18
Increased salary 21.2% in 5 years

Fact Finding


Based upon this system, teachers who do not change lanes (by pursuing additional credentials) and those at the top of the scale benefit less from step increases.

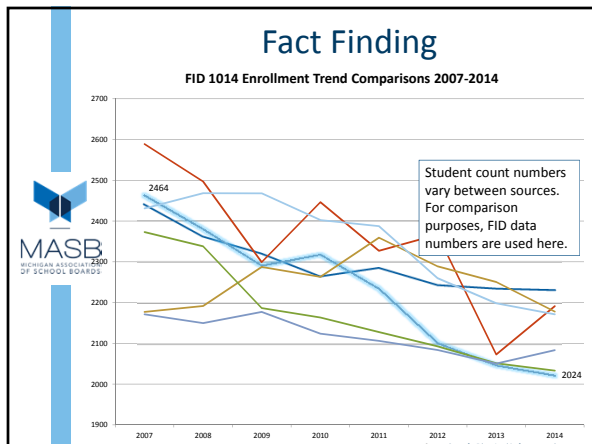
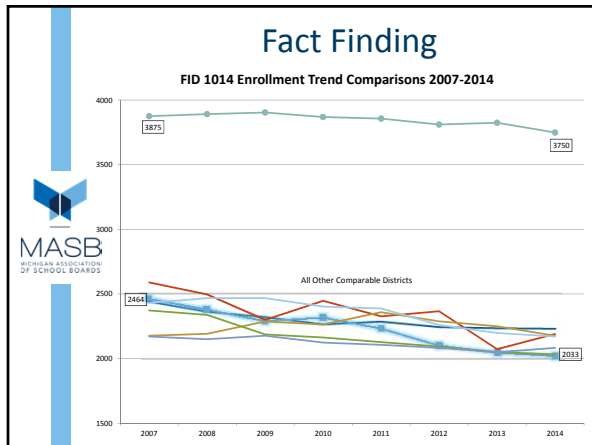
NAME	LANE/STEP	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
M.B.	MA+30/31.5	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00	\$66,082.00
G.R.	BA+30/30	\$62,482.00	\$62,482.00	\$62,482.00	\$63,164.00	\$63,164.00
M.O.	MA+15/8	\$39,571.00	\$41,035.00	\$42,562.00	\$50,216.00	\$51,182.00
D.B.	MA+15/5	\$37,818.00	\$38,284.00	\$40,212.00	\$44,681.00	\$49,251.00
L.H.	MA+18/17.5	\$44,919.00	\$50,406.00	\$52,382.00	\$52,382.00	\$54,437.00
K.R.	BA+18/13	\$43,229.00	\$44,917.00	\$44,919.00	\$49,457.00	\$52,382.00

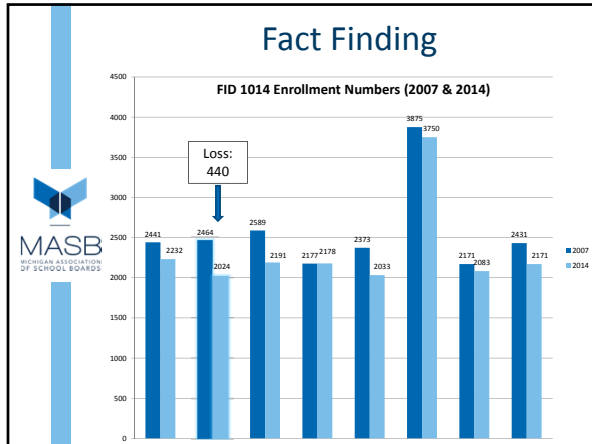
Middle of the schedule
Advanced from BA to BA+18
Increased salary 21.2% in 5 years

Fact Finding

Show *honest* comparisons between your district and those that are similarly situated:








Fact Finding

Show what the contracts of neighboring districts actually look like (not just salary schedule comparisons):

Fact Finding Comparables

Our teachers have received a step each year up through 2013-2014 and have never experienced a pay cut.
Our teachers have received the maximum allowed health care contribution from the district up through the current round of bargaining.
Our *support staff* received a 1% pay cut in 2013 which was restored to the group in 2015.



Fact Finding

Comparables

Alma

- 2011-2012
- -Our teachers have received a full step each year up through 2013-14.
- 2 -Our teachers rejected 11/13/14 TA
- 2C which would have provided a step for 2014-15, and 1/26/15 TA which would have provided all members with a \$1,000 (after taxes) payment.




Fact Finding

2014-2015

MASTER CONTRACT

ALMA EDUCATION ASSOCIATION
and
ALMA BOARD OF EDUCATION



Fact Finding

ARTICLE 22 - PROFESSIONAL COMPENSATION

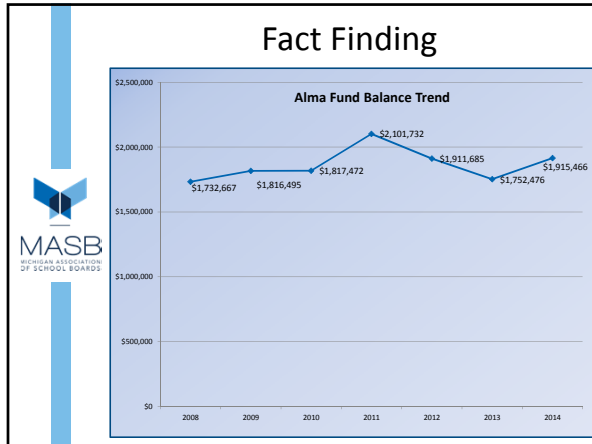
A. Placement and movement on Schedule A will be as follows:

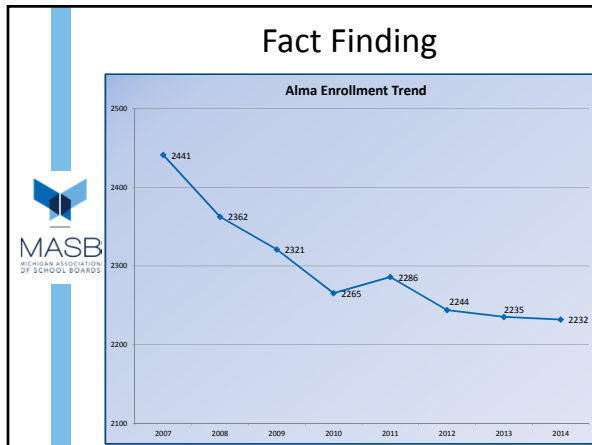
1. Each newly hired teacher will be placed on Step 0, with the following exceptions:
 - a. A teacher being hired with past experience may be given one step on the index for each successive year of certified teaching experience up to eight (8) years. This placement will be optional between the teacher and the Board and not subject to the grievance process.
 - b. Up to three (3) steps on the index may be given for other experience at the discretion of the Board.
 - c. A step placement up to eight (8) years may be offered based on years of experience, in order to attract candidates to certain specific areas. If a teacher receiving such a step placement requests a transfer to another position before serving four (4) years in the position for which they were hired, that teacher may be frozen at their then current step for the balance of their initial four years of service.
 - d. A step placement above eight (8) years, with approval of the Association, may be offered in extenuating circumstances.
 - e. If a new teacher is hired after the start of the school year, but before or at the beginning of second semester, that teacher will move a step on Schedule A at the beginning of the second semester the next year.

11

MASTER AGREEMENT - ALMA PUBLIC SCHOOLS & AEA 2014-15

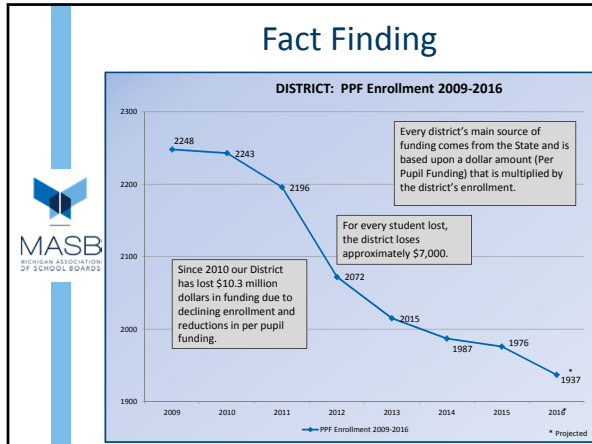
2. All full-time teachers will be paid according to their placement on Schedule A. All teachers with more than a half-time load will advance one step on the index for each year they teach with the exception for years that steps were frozen (2011-12, 2012-13). All teachers with a teaching load of half-time or less will advance one step for every year of such assignment. Teachers not receiving a step, longevity, or educational call movement will receive a \$450.00 affordable option to be paid the first day in December 2016.

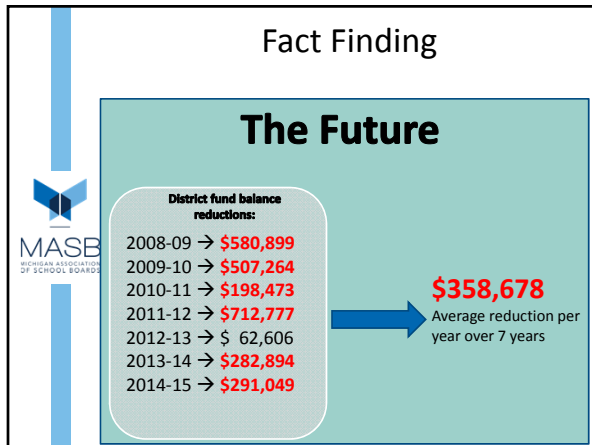




Fact Finding

SPELL IT OUT FOR THEM





Fact Finding

2015-16 starting fund balance -	\$2,239,264
	-\$ 358,678
	\$1,880,586
2016-17 starting fund balance -	\$1,880,586
	-\$ 358,678
	\$1,521,908
2017-18 starting fund balance -	\$1,521,908
	-\$ 358,678
	\$1,163,220
2018-19 starting fund balance -	\$1,163,220
	-\$ 358,678
	\$ 804,552
2019-20 starting fund balance -	\$ 804,552
	-\$ 358,678
	\$ 445,874
2020-21 starting fund balance -	\$ 445,874
	-\$ 358,678
	\$ 87,196

Fact Finding

The Future

2021-22 starting fund balance

\$ 87,196
<u>- \$ 358,678</u>
- \$ 271,482

The longer you can hold off Deficit District Status the greater the chances that something may happen to prevent it.

If current trends continue we are facing deficit district status in 6 years.

Fact Finding

The Future

If the Union's latest proposal were adopted:

- No step for '14-'15
- 2 steps in '15-'16
- Lane changes
- 1% On-schedule raise
- Maximum insurance contributions each year

TOTAL COST:
\$421,223 (Year 1)
\$1.02 million over 3 years

Fact Finding

The Future

<p>2015-16 starting fund balance</p>	<p>Based upon most current deficit projection without additional salary costs.</p>	<table style="margin: auto;"> <tr><td>\$2,239,264</td></tr> <tr><td>- \$ 222,612</td></tr> <tr><td><u>- \$ 421,223</u></td></tr> <tr><td>\$1,954,107</td></tr> </table>	\$2,239,264	- \$ 222,612	<u>- \$ 421,223</u>	\$1,954,107
\$2,239,264						
- \$ 222,612						
<u>- \$ 421,223</u>						
\$1,954,107						
<p>2016-17 starting fund balance -</p>	<p>Cost of MEA most recent proposal (year 2).</p>	<table style="margin: auto;"> <tr><td>\$1,954,107</td></tr> <tr><td>\$ 222,612</td></tr> <tr><td><u>- \$ 604,496</u></td></tr> <tr><td>\$1,126,999</td></tr> </table>	\$1,954,107	\$ 222,612	<u>- \$ 604,496</u>	\$1,126,999
\$1,954,107						
\$ 222,612						
<u>- \$ 604,496</u>						
\$1,126,999						
<p>2017-18 starting fund balance -</p>	<p>Built in costs from MEA proposal carry forward... and this figure does not account for any additional compensation after the expiration of the agreement in 2017.</p>	<table style="margin: auto;"> <tr><td>\$1,126,999</td></tr> <tr><td>- \$ 222,612</td></tr> <tr><td><u>- \$ 604,496</u></td></tr> <tr><td>\$ 299,891</td></tr> </table>	\$1,126,999	- \$ 222,612	<u>- \$ 604,496</u>	\$ 299,891
\$1,126,999						
- \$ 222,612						
<u>- \$ 604,496</u>						
\$ 299,891						

Fact Finding

The Future

2018-19 starting fund balance

\$ 299,891
-\$ 222,612
-\$ 604,496
-\$ 527,217

This proposal would, in all likelihood, push us into Deficit District Status in 3 years.

Fact Finding

What does deficit district status Mean for a district?

District must submit to MDE a Deficit Elimination Plan (DEP) to eliminate deficit spending within two years or have state aid withheld (see MCL 388.1702).

- Submit monthly budget reports to MDE
- Submit revised DEP's if new budgets are adopted or if significant data changes (enrollment, fund balance, etc.)

MDE does not "dictate" how the deficit situation should be eliminated but DEP plans which are not considered realistic or "viable" are rejected. "Viable" plans invariably require massive cuts to salary expenses.

Fact Finding

What does deficit district status Mean for a district?


Necessary cuts to spending virtually always include significant cuts to employee salaries:

- Perry – 10% wage cut to teachers each year for 2 years
- Mt. Clemens – laid off 34 employees plus 6.7% cut in one year
- Clintondale – 6% wage cut each year for two years
- Redford Union – 11.5% "donation" of wages back to district each year for two years
- Iron Mountain – 7.5% wage cut to all staff each year for two years
- Pinckney – 3.5% wage reduction each year for two years
- Bridgeport-Spaulding – 4.5% wage cut (year 1), 4% cut (year 2), 3% cut (year 3)
- Southlake – Teachers work five unpaid days for three years
- Alpena – 10% wage cut and 3.29% on schedule cut
- Ecourse – 11% wage cut (year 1), 8% cut (year 2)

Post-Fact Finding

Rebuttal Brief:


- Re-emphasize your points.
- Rebut the Union's arguments.
 - Point out how they could not refute the districts data.




Post-Fact Finding

Rebuttal Brief:

- Union showed no counter evidence regarding declining revenue/fund balance/enrollment.
- Union did not allege or demonstrate any mismanagement.
- Any assertion that enrollment will increase was based on inaccurate speculation.
- The district must do better financially *first*, then we can discuss more substantial wage increases.
- Union rhetoric changes depending upon the audience.



Post-Fact Finding

Post-Fact Finding

With help from MEA, there is hope for deficit school districts

Obviously, spending more money than is coming in is the major reason why school districts are in a deficit situation. But having less revenue to spend on what's needed to keep a school district going are conditions often beyond the control of districts. Deficit schools are falling victim to two major factors putting them in financial trouble—factors they have little control over. In 2011, during Gov. Snyder's first year in office, he cut \$1 billion in school funding which caused

What's the solution to the deficit problem? Is that state's role? Is that state's role? Is that state's role?

debt. All districts—regardless of their financial state—have had to look at program cuts, layoffs, and salary and benefit concessions from employees to keep afloat.

Fact Finding Decision

Fact Finders decision rendered on September 25, 2015. That's:

- 3 months after the hearing.
- 6 months after making the request.
- 8 months after the THIRD Tentative Agreement.
- 13 months after the FIRST Tentative Agreement.
- 17 months after the initial meeting.

Fact Finding Decision

Union Proposal	District Proposal
<ul style="list-style-type: none"> - 2 year contract - No step for '14-'15 - 2 steps in '15-'16 - 1% On-schedule raise <p>Cost: \$0 -- '14-'15 \$421,223 -- '15-'16 \$1.02 million -- 3 year cost MUST BARGAIN AGAIN IN '16-'17</p>	<ul style="list-style-type: none"> - 3 year contract - No step for '14-'15 - 1 step in '15-'16 - 0.25% on-schedule raise - No step for '16-'17 - \$750 off-schedule bonus <p>Cost: \$0 -- '14-'15 \$216,948 -- '15-'16 \$573,700 -- 3 year cost COSTS LOCKED IN THROUGH '16-'17</p>
<div style="border: 1px solid black; padding: 5px; margin: 0 auto; width: 80%;"> <p style="text-align: center; margin: 0;">Fact Finder's Proposal</p> <ul style="list-style-type: none"> - 3 year contract - No step for '14-'15 - 1 step in '15-'16 - 0.5% on-schedule raise - No step for '16-'17 - \$750 off-schedule bonus </div>	

Fact Finding Decision

Fact Finder's Proposal

- 3 year contract
- No step for '14-'15
- 1 step in '15-'16
- 0.5% on-schedule raise
- No step for '16-'17
- \$750 off-schedule bonus

Teachers received \$0 for '14 – '15 school year.

Second Tentative Agreement

- 1 year contract
- 1 step for '14-'15

Teachers would have received a permanent step equal to \$101,000 for '14 – '15 school year.

First Tentative Agreement


- 1 year contract
- No step for '14-'15
- \$500 off-schedule bonus

Teachers would have received \$177,000 for '14 – '15 school year.

Third Tentative Agreement

- 1 year contract
- No step for '14-'15
- \$1,400 off-schedule bonus

Teachers would have received \$231,000 for '14 – '15 school year.



Fact Finding Decision

Fact Finder's Proposal

for '15 – '16 school year teachers received a step and a 0.5% raise.

Equivalent to \$236,948

Second Tentative Agreement


New negotiation
With a step built into the base

First Tentative Agreement

New negotiation

Third Tentative Agreement

New negotiation



Fact Finding Decision

Fact Finder's Proposal

for '16 – '17 school year teachers receive a \$750 off-schedule bonus.

Equivalent to \$356,760

Second Tentative Agreement


New negotiation
With a step built into the base

First Tentative Agreement

New negotiation

Third Tentative Agreement


New negotiation



Fact Finding Decision

Bottom Line:


- The district gained 3 years worth of contracts with “built-in” costs of only one step and a single 0.5% raise.
- The teachers lost out on one year’s pay raise but received \$600,000 in additional compensation for what amounted to a 3 year agreement.
- Guaranteed no cuts until at least 2018.



Fact Finding Decision

Bottom Line:


- What the teachers received was largely a bi-product of concessions the district made, not the Fact Finding process.
- Had the district entered Fact Finding with a more modest proposal, it probably would have been adopted.
- Ultimately the district prioritized a “fair” resolution over simply saving money.



Fact Finding Decision

Bottom Line:

- The District still saved money in relation to every Union proposal offered.
- The District didn’t have to “impose” and was vindicated by the Fact Finder as to its last proposal.
- Will this experience impact the next negotiation process?



Questions?

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