

South Butler County School District

Negotiation Update

January 16, 2017

In an effort to provide the public with accurate information regarding the status and progress of the negotiations with the South Butler County Education Association (PSEA/NEA), the Board is posting this negotiation update which summarizes the Board's efforts to reach a new Collective Bargaining Agreement with the District's teachers.

- The parties had a bargaining session scheduled for December 13, 2016, which was cancelled by the teachers due to inclement weather.
- The parties held a bargaining session on Thursday, January 12, 2017. The session started at 6:00 p.m. with the Board presenting the teachers with a comprehensive written Proposal which included modifications to the Board's health care and wage proposals, along with a draft Tentative Agreement regarding one of the teachers' issues. The Board's Proposal was dated December 13, 2016, because the Board intended to give the teachers the Proposal on December 13, 2016.
- The changes to the Board's health care proposal were in response to health care discussions with the teachers at the November 15, 2016 bargaining session. During these discussions, the teachers indicated a willingness to consider a Qualified High Deductible Plan with a Health Savings Account (HSA). As an attempt at compromise, the Board revised its health care proposal to include for discussion purposes two health care plan options: a Consumer Driven Health Plan (CDHP) with a Health Reimbursement Arrangement (HRA); and, an optional Qualified High Deductible Plan (QHDP) with a Health Savings Account (HSA). Also, the Board expressed its willingness to discuss the elimination of the monthly employee premium contributions as part of a Qualified High Deductible Plan with a Health Savings Account (HSA).
- It is important to note that the Board's Initial Proposal, dated February 11, 2014, offered multiple health care plan options to the teachers. The Initial Proposal read as follows:

“The Board is proposing to strike Paragraphs A, B, and C of Section 54 – Health Coverage Plan in its entirety and replace them with one of the health care options listed below:

- a.) A modified version of the existing PPO Blue Health Care Plan.**
- b.) Two or more health care plans with each employee having the ability to select his/her level of coverage and corresponding employee contribution.**
- c.) A Qualified High Deductible Plan with either a Health Savings Account (HSA); a Flexible Spending Account (FSA); or, a Health Reimbursement Arrangement (HRA).**

In addition to the above options, the Board is proposing to include language which will address employee premium contributions; retiree health care coverage; waiver of health care coverage payments; the Affordable Care Act; and, any other matters related to Section 54 and/or Appendix B.”

Initial Board Proposal dated February 11, 2014.

- For a significant portion of the past three years, the teachers have refused to consider any changes other than minor changes to the existing Highmark PPO Blue Health Care Plan. The discussion that took place on November 15, however, seemed to have moved the parties very close to an agreement on health care and

premium contributions. Unfortunately, on January 12th, after meeting privately, the teachers returned to the bargaining table and informed the Board that there was no part of the Board’s health care proposal which would be acceptable to the teachers, including an optional Qualified High Deductible Plan with a Health Savings Account (HSA) and no monthly employee premium contributions. The teachers reiterated their position that they will not pay more for their health care.

- Since July 1, 2014, the teachers’ Highmark PPO Blue health care plan has remained unchanged. Under the Plan, the teachers’ in-network financial obligations are summarized below:

In-network Deductible	\$250/\$500
Copay for Emergency Room (waived if admitted)	\$50
Copays for Physician Office Visits	\$15
Copays for Specialist Office Visits	\$25
Copays for Diagnostic /Lab Tests/X-rays	\$10
Copays for Spinal Manipulation Services	\$15
Copays for Prescription Drugs	\$5 generic/\$35 brand formulary/ \$50 brand non-formulary

- Since July 1, 2014, the teachers’ annual premium contributions have not increased and remain at \$480.00 (\$40.00/month) for individual coverage; \$540.00 (\$45.00/month) for employee/spouse coverage; \$540.00 (\$45.00/month) for employee/child(ren) coverage; and, \$600.00 (\$50.00/month) for family coverage.
- The District’s 2016-2017 annual cost of the teachers’ PPO Blue Plan is as follows:

Individual	Employee - Child(ren)	Employee - Spouse	Family
\$7,166	\$16,348	\$18,083	\$19,592

A teacher with Family health care coverage currently pays \$600 of the \$19,592 annual cost to the District. On average, the District pays \$16,526 per covered teacher.

- In addition, the teachers rejected the Board’s revised wage proposal which reads in relevant part as follows:

“The Board is proposing to revise Section 78 – Salary Schedules and Appendix H through Appendix N as follows:

During the 2014-2015 school year, the salary schedule will be the same as Appendix N and each bargaining unit member, except new hires, will be entitled to move one step along the salary schedule. Each bargaining unit member’s retroactive compensation for the 2014-2015 will be calculated as indicated below.

During the 2015-2016 school year, the salary schedule will be the same as Appendix N and each bargaining unit member, except new hires, will be entitled to move one step along the salary schedule. Each bargaining unit member’s retroactive compensation for the 2015-2016 will be calculated as indicated below.

During the 2016-2017 school year, the salary schedule will be the same as Appendix N and each bargaining unit member, except new hires, will be entitled to move one step along the salary schedule. Each bargaining unit member's retroactive compensation for the 2016-2017 will be calculated as indicated below.

During the 2017-2018 school year, the salary schedule will be the same as Appendix N and each bargaining unit member, except new hires, will be entitled to move one step along the salary schedule; and, the Step 20 of each educational column will be increased by \$1,100. Each bargaining unit member's salary for the 2017-2018 school year will be calculated per Appendix N as modified herein.

During the 2018-2019 school year, there will be a 3.00% wage increase inclusive of step movement.

Retroactive Compensation for 2014-2015, 2015-2016 and 2016-2017: Bargaining unit members, who are in the employment of the District on the ratification date of the new Collective Bargaining Agreement and who worked during the 2014-2015, 2015-2016 and/or 2016-2017 school year, will receive a \$500 contribution into their Flexible Spending Account (FSA) or Health Savings Arrangement (HSA) or, a lump sum payment, for each school year worked. For example, if the bargaining unit member worked all three school years, he or she would receive a \$1,500 contribution.

This wage proposal is subject to the Board's development of the 2018-2019 salary schedules which will contain the same number of steps as prior salary schedules." Revised Board Proposal dated December 13, 2016.

- Under the Board's wage proposal, teachers who have worked for the District over the past three years, would receive an average wage increase of 9.6% or \$5,484, effective July 1, 2017, with teachers at the top of the wage scale receiving an \$1,100 wage increase. In addition, each of these teachers would receive an additional \$1,500 which, at their option, could be received as a supplemental wage payment; or, a contribution into the teacher's Health Savings Account or Flexible Spending Account.
- Their unwillingness to compromise and accept reasonable changes to their health care coverage has cost the District an additional \$650,000 since July 1, 2014. If the teachers would have accepted a Qualified High Deductible Plan with a Health Savings Account (HSA) as suggested and offered by the Board in February 2014, the District would have saved at least \$650,000 over the past three years.
- The Board remains committed to negotiating in a professional and respectful manner; to providing the public with accurate information regarding the negotiations; to correcting misinformation regarding the Board's proposals; and, to reaching a reasonable compromise with District teachers who are committed to the education of our students. However, the District cannot afford to pay annual wage increases of 4.0%, retroactive back to July 1, 2014, ever increasing pension obligations, with no significant changes to the cost of health care coverage, retirement benefits, tuition reimbursement, and other costly provisions within the agreement. Such an agreement would greatly exceed the financial means of the School District and its taxpayers.