

**FACT FINDING REPORT
LEWISBURG AREA SD/AFSCME DC 86**

Hearing Date: June 15, 2012

Report Submitted: June 25, 2012

For the District: Patrick Fanelli, Esquire
Andrews & Beard

For the Union: Michelle Rider
AFSCME DC 86

Mark DiRocco, Ph. D..
Superintendent

FACT FINDING REPORT
LEWISBURG AREA SCHOOL DISTRICT/AFSCME DC 86

INTRODUCTION: On May 15, 2012, the Pennsylvania Labor Relations Board (PLRB), pursuant to Act 88 of 1992 (Act88) and the Public Employer Relations Act (PERA) appointed the undersigned as Fact Finder in the impasse between the Lewisburg Area School District School Board, hereinafter referred to as the Board or District, and American Federation of State County and Municipal Employees, hereinafter referred to as the Union.

This report contains recommendations for resolution of the outstanding issues and constitutes the settlement proposal upon which the parties are now required to act, as directed by the statute and PLRB regulations. Pursuant to statutory authority, this report will be released to the public if not accepted. A vote to accept the report does not constitute agreement with, or endorsement of, the rationales contained herein, but rather represent only an agreement to resolve the issues by accepting the recommendations. **The parties are directed to review the report and within ten days of its issuance, notify the PLRB of their decision to accept or reject the recommendations. Acceptance must be full and unqualified. Failure to respond will be considered a rejection. In case of rejection, the PLRB will release the report to the public.**

This is a first contract. Bargaining began in 2009, and many negotiating sessions have been held. Some progress has been made on language issues, but the main issues of wages and health care remain in dispute. The advocates of both parties presented succinct explanations of the respective positions. The union wants an increase in wages; to maintain its present health care benefit package and to add a post- retirement health care benefit for retirees. The district argues that any increase in wages must be minimal and the continuing increase in health care costs require changes in this area, including premium sharing, and preclude any benefit in the health care to retirees.

ISSUES AND RECOMMENDATIONS:

TERM: The union is proposing a 3 year contract; the district 2 years. The overall economic position of the district and the country convince me that all parties would be in a better position to consider the finances of the agreement within the two year period..

Recommendation: The contract will be for a two year period effective 7/1/2012 through 6/30/2014.

WAGES: The union has proposed a .50 per hour increase for each year of the contract. The district has proposed a .98% increase. For example, the custodians average wage would increase by 11 cents per hour, the cafeteria less. While not specifically noted as the district's final position, the offer does indicate the nature of the district's position on issues which have an impact its financial position.

The district has recently cut positions, shifted administrative personnel to a different health care plan, held public meetings to get voter input on potential savings, etc. They also provided data

indicating significant cost increases in health care, the limitations imposed by the statute on their ability to raise taxes, and other items indicating their financial plight. The union does not dismiss the entire argument of the district, but submits its own analysis of the district reserve to demonstrate the situation is not that dire. The district has managed to pay off a substantial loan, but it is difficult to argue with the district's position in view of increasing pension and health care costs.

Recommendation: The hourly wage will be increased by .25 per hour effective 7/1/2012, and by .25 per hour effective 7/1/2013.

SHIFT DIFFERENTIAL: The union proposes a shift differential for the custodial staff of an annual payment, prorated each pay period, of \$400.00 for the 10 AM to 6:30 PM shift, and an annual payment, prorated, of \$600.00 for the 2:30 PM to 11:00 PM shift. The differential may be a warranted addition to the wage, but at present, I do not have sufficient information to determine if a shift differential of approximately .20 to .30 per hour is a necessary addition to the basic wage.

Recommendation: Union proposal is rejected.

HEALTH CARE: At present, the district pays the entire cost of the medical, dental, vision, and disability insurance for employees working 25 or more hours per week. The union wishes to maintain the present system of full payment by the district for the plans and permit part time employees to purchase health care benefits with the district assuming 50% of the cost. The district's proposal would eliminate its contribution for part time employees and contribute "up to" \$12,000 per year for benefits for full time employees. The district proposes to define part time employee for health care insurance purposes as anyone working less than 35 hours per week. This effectively ends health benefits for the cafeteria employees. The union believes the tentatively agreed upon language defining full time employees included the cafeteria workers. The district maintains it made it clear in bargaining that the language was not applicable in the case of health care benefits. I do not have the bargaining history. I do have the present positions of the parties on health care.

The district contends the health care trust to which they belong has advised the rates are scheduled to rise 10% this year. It has presented significant data showing the amounts contributed by employees as part of their premium share. The present costs of its health care package run from 14.5 to 17.5 thousand dollars per employee. If the employer contribution is "up to" 12 thousand dollars, then an employee can face up to \$200 to \$450 per month contribution. The cafeteria employees would, of course, face much more significant expense.

The district has submitted significant data showing the increase in premium sharing by employees. The union position of no premium sharing cannot be sustained. The other union in the district has a premium share of 5%. The district's position on the cafeteria workers also cannot be sustained. As the district noted, the health care package is a substantial part of the

cafeteria employees' compensation, and to delete it in its entirety would be a tremendous cut in compensation.

Recommendation: Effective 7/1/2012, employees will contribute 5% of the cost of the health care benefits. Effective 7/1/2013 employees will contribute 10% of the premium cost. Present cafeteria workers will still be eligible for the insurances they now carry. However, this benefit will not be extended to persons hired into the cafeteria after 7/1/2012.

Employees will be entered into the PPO plan. Employees wishing to use another plan may do so, if it is available to the district, providing the employee pays the difference in the premiums between the plans.

RETIREMENT: The union has cited the handbook as an indication of a previous retirement benefit. The handbook does reference a one-time payment to retirees who served at least 15 years. This benefit, according to the copy of the handbook submitted by the district, ended on 6/30/2010. In any event, the district maintains it cannot at this time afford to incur additional costs in this area.

Recommendation: The union proposal for post-retirement health care benefit is rejected.

The union has proposed that the district keep the present "defined benefit pension plan". The district counters that the plan is governed by statute and outside the scope of their authority and the collective bargaining process.

Recommendation: The union proposal is rejected.

SIGNING BONUS: Upon ratification of the contract:

Those employees on the payroll of the district as of 7/1/2012, shall receive a signing bonus to be paid as soon as feasible, but not later than 90 days after the start of the designated contract year, based on the following criteria :Those employees who are designated as full time employees under the present language of the tentative agreement, and are employed in occupations calling for a 2080 hour work year, e.g., custodians, non-cafeteria full time, or similar designations, shall receive a bonus of \$750, providing they worked for at least 1000 hours in the year 7/1/2011 to 6/30/2012. All other designated full time employees, e.g., cafeteria employees, will receive a bonus of \$350, providing they have worked at least 450 hours in the year 7/1/2011 to 6/30/2012.

Those employees on the payroll of the district as of 7/1/2013, shall receive a bonus of \$500 and \$200 respectively, based on criteria similar to that above, but using the hours worked in the year 7/1/2012 to 6/30/13.

CONCLUSION: Having addressed all the issues in the dispute that were put before me during the hearing, I conclude that a reasonable resolution to the impasse would include the above recommendations. Any items or proposals not previously agreed to or specifically addressed in this report are considered withdrawn. Any and all items and/or proposals agreed to by the parties and any tentative agreements made by the parties prior to the date of this report are recommended to be part of the new collective bargaining agreement. I call the parties attention to my cover letter, which outlines their responsibilities to advise the PLRB if they accept or reject my report's recommendations.

Respectfully submitted,

Francis T. McGrath