

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LABOR RELATIONS BOARD

PLRB Case No. ACT 88-13-43-E

In the Matter of Fact-Finding

Between

SAUCON VALLEY SCHOOL DISTRICT

and

SAUCON VALLEY EDUCATION ASSOCIATION

REPORT OF THE FACT-FINDER

Pursuant to Act 88 of 1992, Commonwealth of Pennsylvania, and Sections 96.61 through 96.64, Public Sector, Rules and Regulations, PLRB, Chapter 95, the undersigned was appointed as Fact-finder by the PLRB on the 17th day of September 2013.

BACKGROUND

The Saucon Valley Education Association (the Association) is the bargaining agent for one hundred eight- five professionals in the Saucon Valley School District. The bargaining unit is comprised of full time classroom teachers, specialty teachers, and mental health specialists.

Saucon Valley Area School District, (the School District or District) is located in Hellertown, Northampton County, Pennsylvania. The school district is consolidated in a single state of the art complex. The School District's campus encompasses 106 acres which include the Saucon Valley High School (9-12), Middle School (6-8) and Elementary School (K-5) all contained under one roof. Included on the campus are a freshwater stream, ball fields, playgrounds, stadium and track facilities. The new state of the art Education Campus offers facilities and classrooms that are wired and networked for the information age. The District serves 2,378 students; of that number 21.63% of the students are eligible for a free or reduced lunch and 19.53% are considered economically disadvantaged.¹

The parties are signatories to a collective bargaining agreement with an expiration date of June 30, 2012. In January 2012, prior to the expiration of the contract, the parties commenced discussions for a new collective bargaining agreement. The parties held approximately fifteen (15) negotiating sessions from January 2012 through August 2013 and sought the assistance of State Mediator John Healey.

When an impasse was reached, the Association requested that the Pennsylvania Labor Relations Board appoint a Fact-finder. The Pennsylvania Labor Relations Board thereupon appointed the undersigned Fact-finder pursuant to the Public Employee Relations Act and Act 88. The parties submitted to the Fact-finder their respective list of issues on September 20, 2013. An executive session conference call with Mr. Jeffrey Sultanik, Esq., Counsel for the School District, and Mr. Mark Lynn, PSEA Representative for the Association was held on September 24, 2013 to review the tentative agreements and the open issues and to discuss the order in which the issues would be presented at the fact-finding hearing.

A hearing was held on October 15, 2013 at the Saucon Valley School District in Hellertown, Pennsylvania. At the hearing, the parties formally presented their positions and relevant information on the issues. Mr. Jeffrey Sultanik, Esq. represented the School District. Also present at the hearing on behalf of the School District were: Dr. Sandra Fellin, Superintendent; Mr. Ralph Puerta, Board Member; Mr. Edward Inghrim, Board Member; Ms. Susan Baxter, Board Member; Ms. Cindy English, Elite Consulting; and Mr. David Bonenberger, Business Manager.

¹ Saucon Valley School District website <http://www.sauconvalley.k12.pa.us/>. School District's, Book I, Tab 6.

Mr. Mark Lynn, PSEA Uniserv Representative; and Mr. James Henninger-Voss, PSEA Research, represented the Association. Also present on behalf of the Association were: Ms. Theresa Andreucci, President of SVEA; Mr. James O. Colbert, SVEA chief negotiator; Ms. Vivian Demko, SVEA negotiation team member; Ms. Rachel Alderfer, SVEA negotiation team member; and Ms. Sarah Thatcher, SVEA negotiation team member.

The Fact-finder also met in executive session with Mr. Sultanik and Mr. Lynn in person on October 17, and via telephone conferences separately and together for the purposes of clarifying the issues presented. I want to thank them for their professionalism and candor with me during the process.

ISSUES RESOLVED BEFORE AND DURING FACT-FINDING

1. Salary Matrix
2. Preamble, first paragraph and 9th whereas clause.
3. Article III, A. Term of Agreement, July 1, 2012 to June 30, 2016; C. Interpretation of Agreement
4. Article V, Savings Clause- delete
5. Article VII, Article VII, Rights of Employees, 5. Released Time-Delete
6. Article VII, Article VII Rights of Employees, 7. Graduate Work-delete
7. Article VIII, No Strike No Lockout Provision
8. Article IX, B. Teachers Pay
9. Article IX C. Payroll Deduction
10. Article XII, A. Open Evaluation
11. Appendix B Catastrophic Sick Bank- Delete
12. Appendix B Family Medical Leave Act
13. Appendix B Professional Compensation, Rate for professional work, Elementary grade level chairpersons, middle school team leaders, high school department chairpersons and co curricular salary schedules remain at the current 2012 rate during the term of this Agreement.
14. Appendix B 403b/457 Accounts
15. Appendix C Grievance procedure
16. Memorandum of Understanding C, D, E, G, H-delete

ISSUES TO BE RESOLVED AT FACT-FINDING

The issues to be resolved by the Fact-finder are:

1. Article IX E. School Year
2. Article IX F. School Day
3. Article XII, Employee Evaluation – Personnel File or Files, Posting Vacancies
4. Article XIII, A. B. C. Long Term Substitutes

5. Appendix A, Salary and Salary Schedules
6. Appendix B, 15. Graduate Study
7. Appendix B, Health Care
8. Appendix B, Retiree Health Care
9. Appendix B, Personal Day
10. Appendix B, Professional Compensation, Online Courses
11. Appendix D, Letter of Intent
12. Memorandum of Agreements A and B, Retirement Incentive.

FINDINGS OF FACT

A. General Findings

It is clear to this Fact-finder that the parties have worked hard to arrive at a settlement before going to fact-finding. This can be seen by merely reviewing their respective proposals on salary and health care. The salary proposals mirror each other with the second and third year reserved. The health care proposals differ in some of the co-pay and deductibles. However, the premium share proposals are very close. This is not to say, that the other issues raised by both parties are not serious and have financial consequences. It is only to say, that if the parties can get this close on salary and health care, surely they can reach agreement on these issues as well as the others that I will be addressing in this report.

The School District expressed concerns about increasing health care costs, graduate study costs and PSERS liability. It opined that employees should understand the obligations of the District and that in order to maintain benefits and wages, as well as jobs, the previous contractual commitments cannot be maintained. The School District explained that it has built up its reserves to protect itself against the looming liability of PSERS. It pointed out that the board has made a commitment not to raise taxes and to reduce spending. The Board has not increased taxes and spending increases on average are 2.1% per year. The current Board has been successful keeping that promise and it wants to continue to do so. It also points out that the tax base of the School District includes the city of Hellertown that has an increasing percentage of people living on Social Security. The School District believes that its proposals are fiscally responsible in light of the financial uncertainties that it faces in the next several years.

The Association indicated its willingness to address some of the Boards concerns by counter proposing salary increases that mirror their proposal and proposing increases to the employees share of the health care costs which will significantly reduce the School District's expenditures in this area. The Association points out its proposals can be met without invading the District's fund balance or increasing spending to any significant degree. The School Board ends each year with 1.2 million on average more than budgeted, an amount equivalent to 3.2% of the budgeted expenditures. Bargaining unit salaries and benefits including health care costs will be a smaller portion of the District's total budgeted expenditures in 2014-reducing to 51.7% in 2014 from 53% in 2013. The Association point out that the School Board has recognized its fiscal health as it decided to leave its millage rate unchanged for five years in a row. The Association argues that the District certainly has the ability to pay for the Association's proposals and, in so doing, will not harm its financial health even in light of the PSERS crisis.

The Fact-finder is tasked with balancing these competing concerns and developing a report that is fair and equitable to both parties. This is no easy task when one considers that the parties have spent twenty months discussing the issues and looking at the data, and the Fact-finder has less then two weeks to do the same. That being said, the documentation provided was well prepared and informative; and the presentation of the parties added valuable insight into the respective positions without be laboring the point.

The parties' negotiations as well as the hearing and the Fact-finder's deliberations were conducted in the midst of uncertain economic times. While the economy is slowly starting to recover, it is clearly a fragile recovery that could stall at any time. The unemployment rate dropped to 7.2 % in September. Even with this good news, economists are saying that the number of new jobs added to the labor market was disappointing. Moreover, the unemployment rate does not

reflect the numbers of individuals that have given up looking for jobs. Employees' wages have all but stagnated over the past several years and the stagnation continued into 2013. In many cases employees have not minimal if any wage increases in several years. According to the Bureau of Labor Statistics, in August, the CPI only increased 1.5% during the preceding 12 months.²

The PSERS liability looms large. There is no question that the Governor and the Legislature must address the growing PSERS liability problem. That said, it is anyone's guess when they will address the issue, what they will do, and to what extent their solution will alleviate the School District's liability. Any school district, including Saucon Valley, is wise to budget prudently and to set aside reserves to have a safety net when the balloon payment hits. It also must be said that this is not a problem of the teachers making. It is a reality that both parties must face even though they have little control over fixing the problem.

Regarding Health Care, according to the Kaiser Family Foundation single coverage premiums rose 5% and family coverage premiums rose 4% over the average rates in 2012. These are certainly modest when one considers the double-digit increase from a few years ago.³ However, they are increases nonetheless. The roll out of the Affordable Care Act has been described as either a total disaster or technical problems that will be resolved soon. Regardless of how one views this law, the anecdotal data suggests that individual consumers will be able to purchase private health insurance at premiums far lower than they are today, and that the market competition will reduce health insurance costs for employers as well. However, until these market effects actually do change the costs for health care in general and employer plans specifically, employees, including teachers, are contributing more to the cost of their health care.

Finally, this is a public education system and that means taxpayers fund it. In Pennsylvania, local taxes support the lion share of a school district's budget. This has only increased in the past several years with the reduction of state funds. No one I know likes paying taxes, but taxes are necessary in order to provide the services that we all rely upon. The taxpayers in Saucon Valley School District should be proud of its teachers and School Board/School Administrators, not only because they have created a quality educational environment for their children, but also because it is clear from their proposals and counter proposals in these negotiations that they have worked hard to reach a settlement that provides fair and equitable raises and benefits to its dedicated teachers with due consideration the tax impact on the local citizenry.

The uncertain times do not make arriving at a settlement any easier. That having been said, there is no reason why the parties cannot bridge the gaps that still remain and reach an equitable resolution for all. It is hoped that my recommendations will help bridge that gap. At the end of the day, approving a new contract between the Association and the School District is in the best interest of all of the stakeholders –students, professional employees, school board members, school administrators, parents and community members.

B. Specific Findings

1. Article IX, E. School Year

The current language provides for one hundred and ninety-two (192) days in the school year. The year includes: four professional development/in service days, a day between semesters for grading, ½ day after first quarter for marking, ½ day after third quarter for marking, ½ day for students and staff before Thanksgiving and Christmas, and a day for set up of the classroom and take down of classroom at the beginning and end of the semester. Teachers are required to attend two open houses or two evening parent-teacher meetings, or one each. These meetings/open houses can be no more than 2.5 hours in length. Newly hired teachers are required to attend two days of orientation before school starts.

The initial proposal from the School Board maintained the school year at 192 days, but eliminated the day in between semesters as a day for grading, and added twenty hours after the work day for district related activities. The twenty hours would be used in 2-hour increments 10 times throughout the year. The District explained that it needed flexibility in scheduling professional development activities in smaller increments as a result of the new challenges teachers face with the Common Core standards, state regulations, and increasing special need students.

² www.bls.gov. The September report is delayed due to the government shutdown until October 30, 2013.

³ <http://kff.org/private-insurance/press-release/family-health-premiums-rise-4-percent-to/>

The Association proposed changing two of the four professional development/in-service days into two days of flexible hours, about 14 hours, for meetings after the school day. The Association believes that this would provide the flexibility that the District needed for further professional development and reduce the work year to one hundred and ninety days (190)

The School District agreed to the reduction of the work year from 192 to 190, but proposed eliminating the setup/break down days and making the day between semesters as a regular day for all of the teachers. The School District argued that it needed the four full time professional development days to review certain subject matter that warrants a full day approach.

The Association pointed out that one day for set up and breakdown is typically not enough time for teachers to prepare their classes or break them down at the end of the school year. The work performed to set up a class includes, physically setting up the room with educational materials displayed throughout the classroom, developing seating charts, reviewing IEP and developing desk configuration to complement any special needs children, and other similar activities to create a positive learning environment for the students. The Association pointed out that teachers come to the school to perform much of the set up and breakdown on their own time in addition to these two days.

The Association pointed out that the day between semesters is vital for high school teachers to complete their grading and preview/develop IEPs, look at student achievement during the previous semester, and possibly readjust the course for the next semester based upon the assessment.

The Association argued that teachers spend many hours outside of the normal workday performing work necessary for their students. Thus, to remove these days from the school year would increase the amount of time the teachers perform work on their own time.

The parties have agreed to reduce the school year by two days. The only question is which school days to eliminate. The date between semesters only affects teachers of grades 9 through 12. On the other hand, eliminating the setup and break down days effects all of the professional employees. It would be fair then to eliminate the day between semesters as one of the days. In return for the teachers giving up one of their days, it also is fair that the District gives up one of the full time in-service days.

Recommendation:

Effective in the 2014-2015 School year, the number of days in the school year will be reduced from 192 to 190. In order to achieve this goal, one of the four in service days and the day in between semesters will be eliminated.

2. Article IX, F. School Day, New Language- District directed activities beyond the contracted day, Inclement Weather/ natural disaster, and non-contracted time.

Currently, professional employees have a 7.5 hour workday, that includes a thirty minute lunch, and two uninterrupted non-contact periods, one of these periods must be used for preparation (prep) time. Professional employees are also asked to attend two open house or two parent-teacher conferences, or a combination of both for no more than 2.5 hours each (or up to five hours participating in these activities after the regular workday).

As stated previously, the School District proposed an additional 20 hours for district directed activities such as, faculty meetings, group work, staff development and similar professional activities. Teachers would be given two weeks notice of the activity in order to make there appropriate arrangements. The District also proposed that teachers, on a rotating basis, would be required to cover classes for other teachers who had to attend District meetings during non contact time. Finally, the District proposed additional language to provide coverage at the schools when the schools are closed early due to inclement weather, natural disasters, power outages and the like. The purpose was to make sure that there would be teachers to provide supervision until the children have all departed for home.

The District explained that the full day in service professional development with all of the teachers present at the same time does not meet all of their needs and are not necessarily effective to address the different challenges posed to teachers in different grades, subject matter, department; or have different student demographics. Having the additional hours would give the Administration the flexibility to schedule time after the school day to further review and discuss the materials presented in the full day session, work on compliance with other regulations, perform group work, provide staff development or other activities that cannot be accomplished during the school day or at a regular faculty meeting. The

District also pointed out that the training or development may only pertain to certain teachers, grades, or departments. Thus, having flexibility to schedule certain groups of teachers at different times was necessary.

The Association responded by proposing fourteen hours (14), in two-hour increments seven times a year for training and development. This would provide the School District the flexibility that it needed to provide the additional training. The number of hours also reflects a one to one exchange for the reduction of two days in the work year. The Association proposed that the Administration place the additional hours on the school calendar at the beginning of the school year. It explained that two weeks is not sufficient time for teachers to make arrangements if they are not able to leave work at the normal time.

The Association agreed that there should be coverage at schools when there is an early dismissal due to inclement weather, etc and provided alternative language to address the School District's concerns. The Association did not agree that teachers should be asked to cover classes during their non-contact time. The Association pointed out that with all of the increased responsibilities on the teachers, as the District acknowledges, asking them to give up their prep time would be counter productive for the teacher and the District. Thus, the Association proposes to retain the current language on non-contact time.

The comparables provided by the School District and the Association indicate that most school districts in Lehigh and Northampton County require teachers to attend district directed activities, open house, parent teacher conferences, and/or faculty meetings after the regular work day. The number of hours required varies from 12 hours up to 20 hours. This suggests that requiring teachers to engage in professional development, group meetings after the normal workday is not unreasonable. However, as I understood from the Superintendent's presentation, these hours would not be used for typical faculty meetings, rather they would be used for professional development that could not be accomplished during the in-service days.

The Association's concern that twenty hours is asking the teachers to provide almost three days of additional time, when the school year has only been reduced by two days is well taken. Sixteen hours more closely reflects the reduction in the school year and is in keeping with the comparables provided by the parties.

I do not agree that the notice of these meetings needs to occur at the beginning of the school year, as it is unlikely that the members of the Administration will know what additional training will be needed or who should be involved when the school calendar is created. However, I am recommending thirty days notice to the teachers who will be involved in the meetings, so that they can make appropriate arrangements for child care and the like if need be.

Regarding the District's proposal to have teachers cover for others during their non-contact time, there was not sufficient evidence of need to change the contract at this time. Finally, my recommendation below includes language to address early dismissal due to inclement weather.

Recommendation:

Effective in the 2014-2015 school year, employees will be required to work an additional sixteen (16) flexible hours for district directed activities involving professional development, group meetings, and similar professional experiences. This work will be performed in two (2) hour increments eight (8) times a year. Employees will be given thirty days notice of the activity from the Administration so that they can make appropriate arrangements.

The following new language to be added to Article IX, F, School Day:

"Notwithstanding the foregoing, in the event that a district school or schools are closed early due to inclement weather, a natural disaster, electrical or power failure or other similar event, employees are required to remain for a maximum of (60) minutes following the last bus leaving the building or until the Principal or Superintendent dismisses them whichever is earlier. Under no circumstances would any employees be required to stay beyond the end of the contracted workday. During this time, teachers will be involved in prep time activities unless there are busing problems and student supervision is needed. There will not be any meetings or trainings scheduled during this time."

There are no other changes recommended for Article IX, School Day

3. Article XII, Employee Evaluation

A. Personnel File or Files C. 2

The School District and the Association are in agreement that the District has the right to report to authorities information from an employee's file without first notifying the employee. There were, however, some minor differences in the proposed language.

Recommendation:

I recommend the adoption the following language:

No official report which incorporates any derogatory statement about a teacher shall be filed by an Administrator or supervisor in the teacher's personnel file unless the teacher is sent a dated copy at the same time. The teacher shall have the right to submit a response to the report or statement in the teacher's personnel file consistent with Pennsylvania law. Nothing in this language shall prevent the Administrator or supervisor from filing reports required by law to third parties. Such filing of reports can be done to third parties without notifying the teacher if required by law to do so.

B. Posting of Vacancies, Paragraph E.1

The School District proposes to revise the language so that employees would receive notice of only permanent vacancies. The Association submits that the language should not be changed and its members have notice of all vacancies.

Recommendation:

Retain current language no change

4. Article XIII, A. B. C. Long Term Substitutes

The current contract language defines long-term substitutes (LTS) as individuals employed by the school district to work forty-five days or longer. LTS are placed on the bachelor's step one of the salary schedule; and LTS are entitled to medical coverage and other benefits, including tuition reimbursement, under the contract.

The School District proposed to change the definition of LTS to an individual "employed for ninety consecutive days." In addition, the Board proposed paying LTS at a rate between the day to day substitute rate and Bachelors step one at the Board's discretion without column movement; eliminating tuition reimbursement for LTS; and if an LTS works more than 30 hours a week, providing the LTS with the least costly single health care coverage only if they work more than thirty hours. The School district believes that the forty-five day period is too short a period for LTS to receive the compensation and benefits provided under the contract. The District points out that other districts require LTS to be employed for ninety days or more in order to obtain benefits. The School District's proposal has a potential of saving the District in 2013-2014 alone, \$152,497 (salaries, benefits, and tuition reimbursement). This is broken down in \$72,970 in savings for salary and other benefits, and \$79,528 in savings from tuition reimbursement.

The Association proposed to define an LTS as an individual employed for forty-five consecutive days or longer. However, the Association also proposed that an LTS would not receive health care benefits unless they are employed for 90 days. The Association argued that LTS who are in place for an entire marking period (45) days have the same responsibilities, including but not limited to IEP meetings, 504 implementation, parent conferences, grading, report cards and planning as professional employees. Accordingly, they should have the same contractual compensation and benefits as professional employees. To address the Board's concerns over increasing medical costs for employees the Association's proposal requires a long-term substitute to be employed for 90 days in order to qualify for medical coverage.

Nine districts in Northampton and Lehigh counties have no specific language in their contracts pertaining to LTS- the definition, salary or benefits. The school districts that do provide LTS language in their contracts vary greatly in definition of the LTS, the salary schedule placement, and the provision of health care and other benefits.

There is no question that LTS provide a great service to the District and perform the same duties in and out of the classroom as the full time professional employees. I do agree that 45 days is a very limited period for an employee to obtain the salary and benefits provided for under the Agreement. It strikes the Fact-finder that a middle ground between

the two parties position is warranted. A sixty-day hiring period is sufficient time to provide the School District with service in return for the benefits under the Agreement. Because of the increase in health care costs, it is reasonable that the School District would want to limit its health care coverage to single premium, instead of providing the exact same benefits as full time employees. I do not agree with the 30 hour limitation, as the data does not support the need to establish this limitation. Because I am reducing the health coverage to the single premium, I believe it is fair to have the coverage pertain to those employed for 60 days, instead of 90 days.

It is clear from the data that the tuition reimbursement for long-term substitutes is extremely high. These individuals are temporary employees and in all likelihood the School District will see no return on their investment, since the employees leave after the contracted work period. Thus, I am recommending that effective with the 2014-2015 school year, LTS will no longer be eligible for tuition reimbursement. However, because this year all employees, including the LTS, have been working under the 2008-2012 Agreement, LTS were able to receive tuition reimbursement. Therefore, I am recommending a cap of \$750 for any course taken after July 1, 2013 and completed before June 30, 2014.

Finally, I find that the current salary step placement is fair. Since these individuals do perform the same work as the full time teachers, they should be paid the same. I am not recommending that this provision be changed. With the changes to tuition reimbursement, health care coverage, and extending the employment period of the LTS, the School District will still see substantial savings.

Recommendation:

- A. Effective as of the 2014-2015 school year, long term substitutes are defined as those employees hired to fill another employee's position on a temporary basis for 60 consecutive days.
- B. Retain current language- Long-term substitutes shall be compensated at Step 1 of the bachelor's salary schedule.
- C. Effective as of the 2014-2015 school year, long term substitutes shall be entitled to single employee coverage from the least costly health plan offered by the District. Health care benefits for long-term substitutes need not be provided unless the substitute is employed by the District for 60 days.
- D. Effective 2014-2015, long-term substitutes will not be entitled to tuition reimbursement. For approved courses taken after July 1, 2013 and completed before June 30, 2014, reimbursement is capped at \$750 for that period. If an LTS has exceeded the reimbursement cap by the ratification of this Agreement, he or she will not receive any further tuition reimbursement. (Issue 6, Graduate Study)

5. Appendix A, Salary and Salary Schedules

Currently, the professional employees have had no increases since the current contract expired on June 30, 2012. The parties used the 2011-2012 salary schedule for the 2012-2013 school year. The proposals of the parties are very close. The differences lie in the timing of step and column movement, and the amount of the increase to the salaries in the last year of the Agreement. The parties have agreed to a freeze on step and column movement, and no salary increases for the first year of the contract.

The School District proposes that in the second year of the contract all of the bargaining unit employees would receive a nonrecurring bonus of \$1500 dollars to be paid at the end of the 2013-2014 school year. Part-time employees would receive a prorated bonus. It also proposes that the \$1500 would be prorated if ratification occurs after December 1, 2013. In the third year of the contract, the District proposed step and column movement for professional employees in steps 1-13. Employees in the top step could move one column or receive a \$1500 non-recurring bonus. The salary schedule would not change except that step one salaries would increase by 2.5%. In the fourth year of the contract, there would be step and column movement for individuals in step 1-13 and a non-recurring bonus for those at the top step similar to the third year. At the fact-finding hearing, the Board also proposed to increase each cell on the salary schedule by \$950 dollars. Finally, the Board proposes eliminating columns on the salary schedule and changing the last two columns to MT (Master Teacher) I and MT II.

The Association proposed that in the second year of the Agreement, employees in steps 1-13 move a step and column, and employees at the top step receive a \$1500 non recurring bonus or column movement which every is greater. In the third year of the Agreement, there would be no step or column movement but there would be a \$1500 non-recurring bonus for al employees. For the fourth year, there would be step and column movement with \$900 added to

each salary. The Association proposed one column movement per year, the reduction of two columns, and renaming three columns- B+15 to B+24; M+30 to M+36; and M+45 to M+48.

The financial difference between the two proposals is minimal. However, added to the costs of salary, the School District must factor in PSERS, continuing costs of tuition reimbursement and column movement, and health care. The information indicated that in the prior term the teachers received step increases and percentage increases to the salaries that were quite healthy from my perspective of doing fact finding during these years of the recession.

That being said, I do not find that the overall financial data for the District warrants the teacher being frozen in their salaries for two years in a row, even with a \$1500 bonus in 2013-2014. Providing step movement in the second year as proposed by the Association will not have a major impact on the District's bottom line for 2013-2014 and will certainly not disturb the fund balance that the District has worked so hard to achieve. I am also adopting the School District increases to the salary cells of \$950 this will offset the increases I am recommending in health care costs paid for by the professional employees, in particular those in the top step of the salary schedule.

At the end of the term of this Agreement, most employees will have received comparable increases to their salaries as other professionals in the surrounding districts. As the economy has slowed, so to have wage increases, the increases I am recommending are fair and reasonable in light of the economic circumstances that the teachers and School District find themselves. One important point I must make. I recognize that the teachers in the School District give 100% of their efforts to the students... and then some. They work tirelessly to provide a quality educational experience for all the children that they touch. The salary recommendations reflects the reality of the economy today, and those that may believe they reflect negatively on their value to the school district or the students would be wrong.

Because I am recommending step and column movement a year earlier than the District proposed and I am also recommending an additional \$50 to the salary in each cell in the fourth year of the Agreement than the Association proposed, I am also recommending that the increases take effect in the 14th pay period of years two and four to equitably balance the Association's and School District's proposals. Moreover, my recommendations for health care will also take effect on the 14th pay period in years two and four to coincide with the step and column movement/cell increases in those years.

Regarding the number of columns, I am adopting the Association's column proposal. A discussion of the educational requirements necessary to achieve these columns will be addressed in Issue 6, Graduate Study. Suffice to say with the new columns professional employees will need twelve (12) credits to move to a higher column, this will have an effect of slowing down column movement because the three columns that had only six (6) credits between them have been removed. In fact, individuals on those eliminated/grandfathered columns will remain on the column until he or she achieves sufficient credits to move to another column. Finally, professional employees will be moving one column in year two and one column in year four, once again slowing down the costs for graduate study.

Recommendation: Salary schedules reflecting the recommendations below are attached as Appendix A to this report.

- A. 2012-2013- Freeze on step and no column movement. The 2011-2012 salary schedule becomes the 2012-2013 Salary schedule
- B. 2013-2014-
 1. Effective the 14th pay period, employees in steps 1-13 will move a step on the salary schedule and use banked credits to move one column;
 2. Individuals on step 14 will receive a \$1500 nonrecurring bonus or move one column which ever is greater. The non-recurring bonus will be paid on the 14th pay period. Part-time employees on step 14 will receive a prorated nonrecurring bonus.
 3. The salaries in step one of the salary schedule will be increased by 2.5%.
 4. The following column modifications will take place upon ratification of this agreement:
 - a. The following columns will be eliminated: B+15, M+30, M+45. These columns will be replaced by B+24, M+36, and M+48. The salaries in these columns will be the same as the eliminated columns. Individuals on eliminated columns will move to the new column, but will remain on that column until they reach the number of credits to move to the next column. For example an individual on B+15 will be placed on B+24, which has the same value as the current B+15. This individual will not be entitled to column movement until he or she achieves sufficient credits/degree to move to the M column.

- b. The following columns will be grandfathered: M+6, M+18. The 2013-2014 salary schedule shall reflect columns- B, B+24, M, Grandfathered M+6 (shaded) M+12, Grandfathered M+18 (shaded) M+24, M+36, M+48, M+60. The individuals on a grandfathered column will not be able to move until they reach the number of credits required for the next column. These columns will be eliminated after all the current employees on the grandfathered columns have achieved enough credits to move to an active column on the salary schedule.
- 5. A new salary schedule will be created showing the new step one salaries and the new and grandfathered columns.
- C. 2014-2015- All employees will receive a nonrecurring bonus of \$1500. Part-time employees will receive a prorated nonrecurring bonus. The bonus will be paid at the beginning of the school year. The Salary schedule will be the same as the salary schedule in 2013-2014.
- D. 2015-2016-Effective with the 14th pay period, each cell on the salary schedule will be increased by \$950, individuals on Steps 1 through 13 will move one step and one column, if they have sufficient credits or banked credits to move. A new salary schedule will be created to reflect the \$950 dollars added to each cell in the schedule.
- E. Use of Banked credits to move a column in 2013-2014 and 2015-2016
 - 1. Definition of Banked credits-Approved courses completed in the 2011-2012 school year that have not been applied for column movement, approved courses completed in the status quo period after June 30 2012, and qualifying course taken during the status quo period and completed prior to ratification of this Agreement are defined as banked credits.
 - 2. Individuals with banked credits on or before the ratification of this Agreement will be able to use any of their banked credits to move one column in 2013-2014. Any remaining banked credits and any new credits up to six new credits can be used to move another column in 2015-2016.

6. Appendix B, 15. Graduate Study

During negotiations for the 2008-2012 collective bargaining agreement, the parties agreed to the creation of a Graduate Study Committee (GSC) made up of one central office administrator, one Board member, and one member of the Association. The purpose of the committee is to "over see the management of the Master's and Post Masters degree courses and approved providers, and any other matters related to the graduate study section." The GSC has the authority to pre-approve any graduate work requested. The criterion for approval by the GSC is specifically spelled out—"relevance of the course or Degree work to District instructional/curricular objectives."

The parties also crafted the Graduate Study provision with details on eligibility for benefits, qualifications for graduate study, tuition reimbursement, salary compensation, duties of the GSC, and a list of providers of programs and courses. While the provision permits the Association to grieve decisions made by the GSC, it limits the right of the Association to bring no more than five arbitration cases over decisions made by the GSC during the term of the Agreement. In fact, there have been no grievances filed by the Association during the term of the Agreement.

The current agreement permits individuals in a degree or specialist program to take up to twelve (12) credits per year, but no more than six (6) per semester. If a degree program requires the individual to take more than twelve credits per year, the credits can be banked for tuition reimbursement and compensation at the next opportunity consistent with the limitation of twelve (12) credits per year. Individuals must produce a list of courses required by the institution for the program to qualify and the GSC must approve the banked courses in advance. For individuals taking courses for professional development and not in a degree program, there is a limit of up to six credits per year.

Professional employees taking approved courses and achieving a grade of B or better are reimbursed at the lesser of the actual tuition or 125% of the East Stroudsburg per credit rate. There is no limited placed on the number of columns an individual can move in one year.

At the fact-finding hearing, Mr. Ralph Puerta, the School Board member serving on the GSC, gave a presentation on the problems the School District sees in the current program. He explained that the Board believed in the necessity for professional development and continuing education, rather it is concern with the declining value of the current graduate education system. According to the District, the quality of the courses are inadequate and not up to graduate degree quality. There is little progression in the course complexity, rigor, or differentiation as one moves to the higher level of

graduate study. There is almost no relationship to the Districts academic objectives, professional development or instructional improvement. Finally, the acceleration in which an individual can move through the columns places an ever-increasing financial burden on the School District. The District estimates that the cost of graduate study on average is \$12,000 per employee per year for the column movement and tuition reimbursement.

The School District proposes to re-write the current provision to address these concerns. The proposal includes language to redefine course requirements for quality and subject area relevance, redefine the logical course progression, redefine M+45 to Master Teacher I and M+60 to Master Teacher II. The MTI and MTII programs would be created by the teacher and principal based upon the needs of the teacher and the School District.

The proposal also limits reimbursement of tuition to 12 credits every two years at 100% of the East Stroudsburg rate per credit. There would be no reimbursement above B+30 other than for state certification and a first Master's degree. Annual tuition reimbursement will be unlimited for individuals going from Bachelors to first Masters. However, the Board proposed limiting the annual tuition reimbursement to \$75,000 for individuals taking course from M to M+30 and \$25,000 for MTI and MTII, first come first serve. Credits for certification and the first Masters will be six credits per year. There will be no column progression above M+30 unless it is for MTI or MTII and such progression can occur in no less than five years.

The Association pointed out that during negotiations the Board expressed concerns that members were not taking advantage of the opportunity to create an independent program. The Association acknowledged that its members were not aware that they could design a program and would be most interested in doing so. To address these concerns, the Association proposed changing the language to make clear that at the M 36 level, individuals can be part of a program or take independent courses; and at the M+60 level, the individual can be part of a program or take a series of independent courses in an employee designed program or 2nd Masters or specialist.

The Association also agreed with the Board that there were too many columns and proposed to reduce the number of columns. The new columns are twelve credits apart, thereby eliminating the ability of teachers to move columns with less than twelve credits.

However, beyond these changes the Association rejects the Board's proposal. The Association points out that during the last round of bargaining the board had concerns with graduate study. Those concerns were addressed by the language in the current agreement. The parties significantly changed the process, and at the Board's request, created the GSC which would approve or reject members' requests for courses or programs. Although the committee is comprised of two District officials and only one Association member there have been zero grievances filed to challenge the decision of the GSC. The Association believes the GSC is doing an effective job monitoring the quality of the courses and programs.

The Association disagrees that the courses are not of value to the District. The Association pointed out that beginning this year professional employees face new and increasing requirements as part of the new teacher evaluation system. Many of the courses that the teachers take address the rubric with which they are being evaluated. The Board did not ask any of the teachers about the courses during their research of the programs and courses. The Association argued that while the District wants the teachers to go to higher rated school such as Villanova or Lehigh, the reimbursement rate is East Stroudsburg's rate, a provider that it is no longer considered a quality provider. The Association explained that some providers require students to complete the programs in less than five years. Finally, the Association stated that during the course of twenty months of bargaining the District's vision has changed regarding the Graduate Study Program and the first time that the Association saw the current proposal was on August 28.

Mr. Ralph Puerta candidly stated at the end of his presentation at fact-finding, "We would benefit from more discussion." I heartily agree. There were valid concerns raised by the Board and the Association. The parties established the GSC for the sole purpose of monitoring the program. The Fact-finder believes that this is the best venue to discuss and review the quality of the programs, courses, and providers. Thus, in my recommendations below I am suggesting new language to give more direction to the GSC in this area. Both parties have a common interest--providing the best quality education for the students. It follows then that having teachers pursue relevant and rigorous graduate study will go toward achieving this common goal.

The fact is that teachers have no say in the quality of the course that a provider offers, but if it is required for the program, the teacher must take the course. It may also be that the course description sounds relevant and rigorous, but only after completion of the course does it become evident to the teacher and the District, that the course fell short of this goal. The reverse may also be true, that the course title and description do not effectively communicate the actual

complexity and quality of the course. These realities only underscore what Mr. Puerta stated, the parties would benefit from further discussion on the quality of the programs, courses, and providers.

The Fact-finder is recommending the column movement changes proposed by the Association and the change to the language on the Graduate Study progression chart pertaining to independent/self directed changes. She does not see the need to change the name of the last two columns of the salary schedule or tiers of the graduate study progression chart to MT I or MT II.

Regarding the cost of tuition reimbursement, there is no question that the District spends a significant part of their budget on graduate study. Once again, the investment is needed to provide quality educators. It is to the benefit of the School District to have its teachers move from Bachelors to get their certification and the first Masters. The District proposal will take a teacher four years to obtain his/her certificate and six years to achieves a Masters. As an Association member testified, a provider may not permit an individual to take six years to complete the masters. How can the School District and the students, in particular, benefit educationally with teachers who do not have certification for such a long period of time? Thus, I have not changed the credits per semester for individuals pursuing the teacher certificate and the first Masters. Under the new column structure it will still take members two years to obtain B+24 (teaching certificate), and three years to obtain a firs Masters. I have reduced the tuition reimbursement rate from 125% to 100% of the East Stroudsburg University rate to limit the District’s financial exposure for these expenses.

For individuals going for a second Masters, specialist degree, Doctorate, or taking a series of courses in an individually tailored program, I am limiting reimbursement to \$2000/year/per employee. If an employee desires to pay for courses over and above that amount, he/she can do so. If the course is approved, it can be used as credits for column movement. LTS will not be entitled to tuition reimbursement after June 30, 2014. However for courses taken and completed during the 2013-2014 school year, LTS will be reimbursed up to \$750. The recommendation is more detailed below.

The new column structure requires individuals to attain twelve credits to move to the next column. This added to the limit on reimbursement will slow the progression for those pursuing column movement the Masters degree during the term of this Agreement. Moreover, the salary recommendation limits column movement to only years two and four, and during those years individuals can only use their banked credits/new credits to move one column. Thus, I do not believe it is necessary to make a specific finding on column movement in this report. Rather, I believe it is another area for the GSC to review during the term of this agreement and I am recommending such below.

Recommendation:

Section II-Graduate Study Progression Chart

Level of Graduate Study	Max. Col Allowed	Approval by GSC
Masters Degree	M	Program
State Specialist Masters Degree in Education Degree Courses	M+36	Program or independent courses
Masters Degree in Subject Doctorate	M+60	Program, series of independent courses in an individually tailored program or 2 nd Masters or specialist attained

Graduate Study Committee (GSC) Duties

GSC will review closely all courses and programs to ensure the rigor and professional benefit from each course.

GSC’s approval of course/program is not based on economic factors, but on the intellectual rigor of the program/course and perceived benefit to the bargaining unit member and the School District.

GSC will annually establish a list of approved courses. Any program originally approved by the GSC for a teacher that contains courses not on the subsequent approved list will continue to be approved.

Absent a substantive modification to the course or the program, teachers will not have to go back to GSC in each year of the program for the course or program to be approved.

GSC will annually approve a list of providers. However, if the GSC has approved a program/courses at a provider proposed by a teacher; and the following year that provider is not on the list, the teacher can continue with the program or course.

GSC will review on a case-by-case basis the individually tailored professional development program. An individually tailored professional development program must be created by collaboration between the teacher and principal. The principal must approve the program's content before it can be submitted to the GSC. The program proposal will include how long the program will take to achieve. The GSC has the sole discretion to review and approve the program, including how long it will take to complete the program.

GSC will study the speed of the progression of bargaining unit members through the columns on the salary schedule, in the prior term and the current term, and make recommendations for changes, if need be, for the next term of the contract.

Decisions by the GSC are grievable except that there can be no grievance based upon past practice. The limit established in the prior agreement for grievance/arbitration is retained.

Tuition Reimbursement and Column Movement

For professional employees taking courses to move from a Bachelor to 1st Masters degree, the School District will reimburse for all courses up to 100% of the East Stroudsburg University per credit rate. There is no cap on the total costs for reimbursement at this level. A professional employee taking courses beyond the Bachelors degree to the 1st Masters degree can take 12 credits per year, 6 in a semester and receive reimbursement for all of the credits. This will result in an individual taking two years to attain B+24-certification, and three years to achieve a Masters.

Effective July 1, 2013 for all courses taken after this date for movement from Masters to Masters+60 columns, professional employees will be reimbursed up to \$2000/year for approved courses. July 1 through June 30 is the period in which reimbursement of course costs will be accumulated up to the cap. If a professional employee has exceeded the reimbursement cap prior to the ratification of this Agreement, he or she will not be entitled to further reimbursement for the 2013-2014 school year. If an individual pays for additional credits he/she can do so. As long as the course is approved, the credits can be used for column movement in the years that column movement is permitted under this contract.

For approved courses taken after July 1, 2013 and completed before June 30, 2014, reimbursement is capped at \$750 for that period. If an LTS has exceeded the reimbursement cap by ratification of this Agreement, he or she will not be entitled to any reimbursement for the 2013-2014 school year. Effective 2014-2015, LTS will not be entitled to tuition reimbursement.

Column movement for the term of this Agreement is restricted as explained in the salary recommendation.

All the remaining provisions in Appendix A, 15 involving graduate study found in the 2008-2012 Agreement are retained.

7. Appendix B, Healthcare

The School District self-insures for health care. That means that the District pays the claims directly. The 2011-2012 monthly costs to the District were \$1432.17 for family, \$504.05 for individual, \$1311.10 for husband and wife, \$1098.81 for parent and child, and \$1214.74 for parent and children. This does not include prescription drugs and other benefits which increase the costs by \$115.50. Professional employees contribute to their health care costs by paying a monthly premium share of \$45, \$85, and \$95, depending on the type of coverage, with a \$250/500 deductible.⁴

The School District proposed increases to the monthly premium share, deductible and co-pays for office, urgent care, emergency care, and three tiers of prescription drugs-retail and mail order in years two, three, and four of the agreement. It also proposed different co-pays for an office visit with the family doctor (GP) and an office visit with a specialist since the actual office visit costs are much higher for the later than the former; and proposed different co-pays for urgent care and emergency care-once again because the actual costs are higher for the emergency room than urgent care.

⁴ School District Book II, 0804. The data did not provide the monthly costs to the District in this format for the 2012-2013 school year.

The Association also proposed increases in years two, three, and four to the share of costs in all of the areas mentioned above, but did not differentiate the costs of office visits, UR or ER, and while agreeing to three tiers of prescription drugs did not propose a co-pay for generic drugs.

Just as in the salary proposal, their respective health care proposals were very close, and in some areas the Association was willing to share more of the costs than proposed by the Board. For example, in 2013-2014, the School District proposed premiums of \$55/\$120/\$155, and the Association proposed \$55/\$120/\$130. In 2015-2016, the District proposed \$60/\$130/\$170 and the Association proposed \$65/\$135/\$155. The over all difference in premium share was calculated by the School District to be \$27,000 in the second year, \$40,800 in the third year and \$11,580 in the fourth year.⁵

The more significant differences were in the deductibles, prescription drugs, and office visit co-pays proposed by the District in comparison to the Association’s proposal—for example, in 2015-2016, \$500/\$1000 versus \$300/600 in year four. The differences in the proposals result in about \$100,000 less in savings for the School District each year.⁶

This leads me to conclude that both parties are well aware that there will not be any reduction in the costs of health care anytime soon, and there will probably be increases, albeit more moderate than in the past as indicated in the Kaiser Family Foundation Study.⁷ It is clear to the Fact-finder that they were bargaining good faith to try to reach cost sharing that was fair to the teachers and reduced the District’s costs in a meaningful way.

Professional employees have a valuable benefit in health care and their share of the costs while increasing is still a small percentage of the actual costs that the district incurs. By the same token, it must be said that the District is asking the professional employees to share more of the health care costs than professionals in several of the surrounding school districts. My recommendation below seeks to balance the respective interests and concerns of the parties. It does increase the teacher’s share in the costs over the life of the agreement, however not as far as the District has proposed. I have also made increases to the health care costs in years two and four to take effect on the 14th pay of the school year in line with the increases in those years.

Finally, the School District and Association agree that language should be modified to reflect the changes made by the Affordable Care Act to permit employees to retain children on their health care plan up to the age of 26. The Association proposed that co-habiting partners be covered by the health care plan. I cannot recommend the later because of the increased costs to the school district.

Recommendation:

Adopt the following language: The Saucon Valley School District shall purchase for each teacher and member of the Bargaining unit and their family including spouse and children to the age of twenty six or the age required pursuant to federal law...

Reject Association’s proposal to include co-habiting partners.

Adopt the following for the professional employee’s contributions to the health care costs:

<u>Plan Year</u>	<u>Deductible</u>	<u>Office Visit</u>	<u>UC/ER</u>	<u>Retail RX</u>	<u>Mail RX</u>	<u>Dollar Premium Share</u>
2012-2013	\$250/\$500	\$15	\$35	\$5/\$15	\$10/\$30	\$45/\$85/\$95
2013-2014*	\$275/\$550	\$15/\$30	\$25/\$75	\$10/\$20/\$40	\$20/\$40/\$80	\$55/\$120/\$135
2014-2015	\$500/\$700	\$20/\$40	\$50/\$75	\$10/\$25/\$50	\$20/\$50/\$100	\$60/\$130/\$155
2015-2016*	\$500/\$700	\$20/\$40	\$50/\$75	\$10/\$25/\$50	\$20/\$50/\$100	\$60/\$130/\$170

* For school years, 2013-2014 and 2015-2016, only, the amounts noted in the columns above are effective on the 14th pay period of the school year.

⁵ School District Book II, 0809

⁶ School District Book II, 0808

⁷ See page. 6 of this Report.

8. Appendix B, Retiree Healthcare, Other Employee Benefits

Under the current Agreement, retirees can remain on the School District's health care plan and the School District provides single person coverage. The retiree can receive this benefit for 7 years after retirement or to the age of 65. Retirees can also purchase coverage under the School District's plan for their families.

The School District proposed that effective for all retirees after July 1, contingent upon the retiree leaving the School District health care plan and going to the PSERS Health Option Plan (HOP) it would pay 80% of the single monthly premium based upon the amount established for employees on the School District's plan. The rate will be the same for 2014-2015 and 2016-2017 and it will be based on the single premium rate in effect as of July 1 2014.

The School District explained that the claims currently generated by the 41 retirees on the plan were \$850.17 per employee per month (PEPM) in 2012-2013. PEPM costs are projected to be \$892.68, \$937.31, \$984.18 in 2013-2014, 2014-2014, 2015-2016 respectively.⁸ Those costs merely represent the current 41 employees. They do not include anyone who will be retiring during the term of this agreement. By moving retirees into the HOPs plan and paying retirees 80% of the single monthly premium toward the purchase of a premium under the HOPs plan, the School District will see substantial savings and limit their liability for claims in the future.

The Association, understanding the School District's concerns regarding the cost of maintaining retirees on its plan, agreed that retirees should move to the PSERS HOP plan to alleviate the increasing costs of providing those benefits. The Association proposed that the School District pay 100% of the PSERS HOP premium for an individual. The Association pointed out that the HOPs premium is significantly more than the cost of the single monthly premium, so only providing 80% of the School District's premium is counter to the District's desire to see the retirees move off the plan. With the substantial savings that the School District will realize having retirees move off the District's plan, the District has the ability to pay the entire premium for HOPs.

The comparable data from other districts indicate that there is movement away for Districts providing health care coverage to retirees for any length of time. Those districts that do provide coverage make it part of an early retirement incentive, provide a lump sum or monthly amount toward coverage, pay for it out of accumulated sick leave, or any combination of the above. The District's proposal to move retirees off of the health care plan comes at a fortuitous time. Not only is there the HOPs plan for retirees to consider, but there is the market place created by the Affordable Care Act where retirees can shop for coverage for themselves and their families. Thus, because of the increase choices retirees will have, it makes more sense for a retiree to be provided a monthly amount that can go towards a premium under HOPs or another private plan. The amount that I am recommending is based upon the current PEPM. I am recommending \$800/month resulting in significant savings for the District during the term of this Agreement. I am also recommending a reduction to \$500/month effective June 29, 2016.

Recommendation:

There is no change in the retiree healthcare benefits for current retirees.

Employees retiring effective June 30, 2014 will receive health care benefits as provided under the 2008-2012 collective bargaining agreement.

Effective for all retirements of Bargaining Unit Members after July 1, 2014, the District shall pay \$800/month for health care insurance contingent upon the employee moving to the PSERS Health Options Plan or other private insurance plan.

Effective June 29, 2016, the amount that the District shall pay toward the health insurance for retirements of Bargaining Unit Members after June 30, 2016 shall be \$500/month contingent upon the employee moving to a PSERS Health Options Plan or other private insurance plan.

Payment of the above stated monthly amount will continue until the retiree reaches the age of 65 or for a maximum of seven years following the date of retirement whichever is sooner for each bargaining unit member who meets the eligibility requirement below. If the age requirement is declared to be in violation of ADEA by any court of competent jurisdiction, the parties agree that the age requirement shall become null and void and shall immediately be replaced by the phrase "for seven years following the date of retirement."

⁸ School District's Book II p. 0893

Eligibility:

Professional employees must have worked for the District a minimum of 15 consecutive years.

Professional employees must be 55 years or older during the term of this contract and have reached the top step of the salary schedule and have remained there for a minimum of two years

Professional employees must enroll in the PSERS Health Options Plan or other private insurance plan.

9. Appendix B, Personal Day

The School District proposed having restrictions regarding when a personal day could be taken. There was no evidence to indicate that problems have arisen regarding the use of personal days. Thus, I am recommending that the current contract language remain unchanged, but that a labor-management committee review usage during the term of this Agreement and make recommendations if any are needed.

Recommendation:

The parties have agreed to delete the word "to" and add "may" in the following sentence: " in no event may more than ten percent of the teachers..."

Retain current contract language regarding personal day usage. However, the parties should establish a committee of association members and administrators to explore personal day usage and make recommendations to correct any usage problems for the next contract term.

10. Appendix B, Professional Compensation, New Online Courses

The Association proposed language to address the provision of online courses by professional employees. The School District responded that it had no intention of providing online course for its students during the term of this agreement. I conclude that the concerns raised by the Association are premature.

Recommendation:

Do not add any additional language to the contract pertaining to online courses.

11. Appendix D, Letter of Intent

The School District proposed a modification of the language to add the statutory provision that pertains to the Letter of Intent.

Recommendation:

Accept the School District's modification to the language in this provision.

12. Memorandum of Understanding A and B, Retirement Incentive Program

The current agreement provides lump sum bonus payment for individuals retiring from the school district. Individuals with 20 years of service are eligible to receive 45% of their last annual salary. Individuals with less than 20 years receive a bonus calculated using a set amount (\$1000 up to \$1400) tied to a person's years of service, and then multiplied by the person's years of service.

The School District proposes to eliminate both retirement incentives effective with the ratification of this Agreement. The School District argues that fewer and fewer school districts are offering retirement incentives because of the looming PSERS liability. The costs to fund these two retirement plans remove resources needed for current needs as well as to fund future PSERS requirements. Moreover, the memorandums as designed do not provide an incentive to retire; rather they have effectively become an additional retirement benefit regardless of when the parties retire.

The Association argues that the memorandums should remain in the contract. They point out that in the previous negotiations there was an agreement that the retirement incentives would not be removed and would be available to all of the employees that were identified at that time. Moreover, the Association believe that the savings realized by moving retirees off the District's medical plan and to either the PSERS HOP or another medical plan could be used by the District

to fulfill these obligations to the members, many of whom spent their entire career dedicated to the education of the children of the District.

As I have stated previously, it is no secret that PSERS liability hangs like a dark cloud over every school district. While it is certainly not the fault of the teachers or the School District, it is a reality that both parties must face. It is no surprise that the School District wants to do away with any further pension liability by removing retirement bonuses from the contract.

Taken together these memoranda proved retirement benefits that go far beyond what is comparable in other school districts in the area. They provide retirement bonuses that continue until essentially all of the current employees decide to retire many years in the future. These programs tie up funds for many years that could otherwise be used for current needs of the school district, teachers and students.

It also must be said that as with any contract provision, these provisions can be negotiated out of the Agreement. There is nothing in either memorandum that suggests that the retirement incentives cannot be changed in future collective bargaining agreements.

That being said, I do not agree that it is fair to those teachers who are at or near the end of their career to now abruptly remove the program as the School District suggests. The teachers that have dedicated their careers to the students should be given an opportunity to avail themselves of the bonus during this contract term. However, the lump sum bonus offered should become a true retirement incentive for long service employees who are at the top of the scale.

True retirement incentives are designed to do just that-- encourage individuals to retire. Most have a start and end date in which the employee can avail him or herself of the program. After that date, the program sunsets and is no longer available. Having a specific timeframe for the benefit then encourages individuals who are eligible to take advantage of it when they can or else see it go away.

I am recommending a retirement incentive program that meets the criteria of a true incentive program, and limits the School District's financial obligation. The program recognizes those teachers, 55 years or older, who have given selflessly to the students and the District for fifteen years or more, and are at the top step of the salary schedule. However, if these teachers choose not to avail themselves of the bonus during the term of this Agreement it will sunset on June 30, 2016.

Recommendation:

Memorandums of Understanding A and B found in the 2008-2012 Agreement are eliminated effective with the ratification of this Agreement. Any employee who has submitted his/her retirement notice prior to the ratification of this agreement, will be entitled to the incentive outlined in Memorandum of Agreement A or B.

A retirement incentive program to replace Memorandum A and B is described below:

Memorandum of Understanding A, Retirement Incentive

Bargaining Unit Members who satisfy the eligibility requirements below and elect to retire from Saucon Valley School District on or before June 30, 2016, with the exception of long term substitutes, shall be entitled to a cash bonus at the time of retirement in the amount of \$1750 per year of service.

Eligibility:

- The Employee must be a professional employee with the Saucon Valley School District on the date on which retirement is elected.
- The Employee must be 55 years of age or older, with 15 years of service with the district, and at the top step of the salary schedule and remained there for a minimum of two years.
- The individual must notify the District of his or her intention to retire in writing no earlier than January 1, 2014 and no later than June 1, 2016 for a retirement to be scheduled for not later than June 30, 2016.

This retirement incentive will sunset on June 29, 2016.

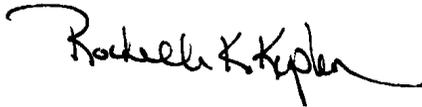
CONCLUSION

Any tentative agreements mutually made prior to, during, and after the fact-finding hearing that are not specifically addressed in the report are recommended to be included, as agreed upon, in the contract. It is further recommended that issues that were raised in negotiations, but were not specifically addressed in fact-finding, remain status quo for the term of the new contract. The parties will make any editorial changes needed to effectuate the recommendations and/or to update the agreement regarding dates or removal of obsolete language.

The Fact-finder's recommendations attempted to reflect financial realities and balance the competing goals of each party. A vote to accept the Report does not necessarily constitute agreement with or endorsement of the rationales but, rather, represents only an agreement to resolve the disputed issues by adopting the Recommendations.

As stated previously, the Fact-finder is impressed with the professionalism of the parties and their candor in presenting their respective positions before, during, and after the fact-finding hearing. Whether both parties accept this report, the fact-finder hopes that the report can be used as a foundation for a final settlement.

I direct the parties' attention to my cover letter which outlines their responsibilities to notify the PLRB of their acceptance or rejection of this Report.



Rochelle K. Kaplan, Esq.
Fact-finder

October 28, 2013
Fogelsville, Pennsylvania