COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LABOR RELATIONS BOARD

IN THE MATTER OF THE FACT FINDING BETWEEN

HAMBURG AREA EDUCATION ASSOCIATION, PSEA/NEA -AND- HAMBURG AREA SCHOOL DISTRICT	CASE NO. ACT 88-15-5-E

FACT FINDING REPORT AND RECOMMENDATIONS

APPOINTED: February 17, 2015

FACT FINDER: John C. Alfano, Arbitrator & Mediator

FOR THE EMPLOYER: Russell E Farbiarge, Esq.
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PRELIMINARY STATEMENT

The **UNDERSIGNED**, appointed by the Pennsylvania Labor Relations Board (PLRB), pursuant to Act 88 of 1992, conducted a fact finding on March 16, 2015, from 9:30 a.m. to 3:30 p.m. for Hamburg Area School District ("District") and Hamburg Area Education Association ("Association"), in the Community Room at the Hamburg Area High School, Windsor Street Hamburg, Pennsylvania.

The following people were in attendance (in alphabetical order):

1. Jeffry Bryan, HAEA President
2. Marianna Burns, School Board
3. Judy Driscoll, HAEA Secretary
4. James Henniger-Voss, PSEA Research Division (testified)
5. Steven Keifer, Superintendent of Schools (testified)
6. Jeffrey Kerchner, HAEA Treasurer
7. Michell L. Zimmerman, Business Manager (testified)

BACKGROUND

The Hamburg Area School District, located in northern Berks County, geographically is the largest of the county's 18 public school districts, covering 103 square miles.The District is located in three boroughs, Hamburg, Strausstown, and Shoemakersville, and includes five townships, Perry, Windsor, Tilden, Upper Bern, and Upper Tulpehocken.

The District serves 17,366 residents with a student population of 2,216. There are two secondary schools, Hamburg Area High School, grades 9 – 12 and Hamburg Area Middle School, grades 6 – 8. Tilden Elementary Center with grades K - 5 and Perry Elementary with grades K – 5 are the Districts two remaining elementary schools. There are 180 full-time professional staff covered by the Collective Bargaining Agreement ("Agreement") between the District and the Association. There are 16 administrators and 84 full-time and 29 part-time support staff, none of which are covered by the Agreement.

The parties met to negotiate for approximately twelve meetings beginning on October 13, 2013 and for five additional meetings with Mediator Louise A. Schuster. As a result of those meetings, the parties entered into written tentative agreements, which were submitted as Association Exhibit No. 3 with the approval of the District. They are incorporated by reference in this Report. The remaining issues were submitted to the Pennsylvania Labor Relations Board ("PELRB") for submission to fact finding. As result, the Undersigned was appointed Fact Finder to hear testimony and make recommendations. The Issues in Dispute are listed below in order of presentation at the hearing:

1. Article IV and Appendix A	Wages, Salary Provisions
2. Appendix B, VIII, Medical Plan	Health Reimbursement Account
3. Appendix B, New Section	Demotion
4. Appendix B, IV, Hours	Personal Leave
5. Appendix B, VII, Hospitalization	Premium ShareSpouse Contribution
6. Appendix B, VII, Hospitalization	Course Reimbursement
7. Appendix B, XI, Professional Development	

The parties presented data, testimony and argument to support their positions on each issue. Based on those presentations, the Fact Finder makes the following recommendations:

Issue No.1: Article IV and Appendix A - Wages, Salary Provisions

Position of the District: The Board is proposing to provide step movement in each of the three years of the Agreement, beginning with the 2014-2015 school year and continuing for the 2015-2016 and 2016-2017 school years. Because it is already March with almost three quarters of the first year completed, the Board is proposing that the step movement for 2014-2015 shall be paid for one half of the year. In addition, for the 2015-2016 and 2016-2017 years, teachers would again move a step each year and paid for the full year.

The following Economic factors support the District's proposal:

- District's population is decreasing as the County and State populations are increasing.
- The District has fewer residents under age 18 and more residents age 65 and over than the County and State.
- More residents own and occupy their residences than the rest of the County and State.
- Out of the 18 districts in Berks County, Hamburg is the14th lowest district based on the personal income aid ratio; it cannot afford to pay some of the highest teacher salaries and benefits in the County.
- The 2012 average personal income of the taxpayers was the 15th lowest out of the 18 districts in Berks County.
- As reported by the Berks Earned Income Tax (EIT) Bureau, the 2013 average earned income based on individual returns was $49,877 for those filers with at least $1 of earned income. When filers with $0 earned income are included, the average drops to $37,414. In 2013-14 the average teacher salary was $63,724, $13,000 higher than the average tax return for District residents with earned income.

The data demonstrates that District residents cannot afford the salaries and benefits in the Association proposal. The District's proposal provides fair compensation for Association Members by providing reasonable increases in each year of the contract, while maintaining the District's competitive salary, preserving its ability to continue to attract the best teachers and contain costs to protect the taxpayers from additional or unreasonably high tax increases.

Position of the Association: The differences in the salary proposals are minor. The Association agrees with the District to not add cost of living or other market adjustments to the existing salary schedule, while advancing employees a step increase for each of the three years. The difference in the costs associated between the proposals is minimal, with less impact on the District's ability to pay than on individual employee's ability to take the loss. Moreover, due to turnover from retirements since the contract expired, the payroll costs for the unit have dropped significantly. In addition, the District has provided Act 93 employees an average increase of approximately 3.54% for the 2014-2015 school year.

Adding to the difficulty in comparing salaries to other districts, the placement of teachers on this scale does not reflect their actual number of years of employment. This is the result of salary scale compression adopted to reduce the larger than average number of steps over the years. Therefore, a teacher who has been employed for 6 years is on scale step 2 or step 18 from the top. It takes 24 years to reach the top of the scale under the current salary matrix. To obtain and maintain the current scale, the Association has taken a half year pay freeze in the 2011-12 school year to help the District during a period of financial difficulties. However, during that same time, the fund 2011 balance had $2,872,479 and $11,255,418 in 2012 after the half-year pay freeze.

The Association's proposal results in a salary schedule for 2017 that is identical to that which was in place at the beginning of the 2012 school year. Those on the top of the scale will have the same wages for five years. The Association understands that keeping the same scale is necessary to adjust and keep it competitive in with other Districts in Berks County. The difference in costs between the Association's and District's proposals is minimal, approximately $168,276 over the three contract years.

Finally, the Association membership has instructed the bargaining team that it will be difficult if not impossible to ratify a contract does not provide step increases paid from the beginning of the 2014-2015 year and from the beginning of each of the following two contract years.

Analysis and Opinion: The District and Association are confronting the same financial and demographic changes as many other districts. What is somewhat unique is that these parties recognize those difficulties and somewhat agree to what is needed to accommodate and address the problems that can be remedied through bargaining. They have provided a plethora of facts, figures, documentation and reasoning for each of their proposals. The real difference between them is whether the first years' step increases for those who qualify for them will receive them retroactive to the beginning of the 2014-2015 school year, even though approximately 17 teachers on the top of the scale will continue to receive their current salary for the duration of the Agreement. The District's estimated straight line cost over three year is $36,254,239, while the Association's is $36,422,515, a difference of $168,276. Because the difference is a built in cost that appears in the second year of the Agreement in both proposals, the District will save that amount only in the first year. However, the District is not persuasive arguing that because the year is half over, full year step increases should not be paid. After recognizing the difficult changing demographics and the taxpayers' ability and effort to fund the District, the District is in a better position to pay the added $168,276 for retroactive step increases than individual teachers are to take the loss, especially when considering the other recommended changes herein.

Recommendation: The salary scale shall continue unchanged from the expired Agreement for 2014-2015, and teachers who qualify for step increases in any or all of the three years shall be paid those step increases effective from the beginning of 2014-2015. For the 2015-2016 salary scale, the 2014-2015 scale shall be increased by $500 as a result of the partial cost shift from the elimination of the health insurance reimbursement account as discussed and specified in Issue No. 2 below; that scale shall remain in effect unchanged for the 2016-2017 year, with step increases effective at the beginning of each of those two remaining years.

Following are the scales for each of the three years of the Agreement.

APPENDIX A
2014-2015 SALARY SCHEDULE

Steps					
From Top	Bachelors	Masters	M+15	M+30	M+60/PHD
19	43,063	45,463	46,963	48,463	49,963
18	44,063	46,463	47,963	49,463	50,963
17	45,063	47,463	48,963	50,463	51,963
16	46,063	48,463	49,963	51,463	52,963
15	47,012	49,412	50,912	52,412	53,912
14	49,600	52,000	53,500	55,000	56,500
13	52,600	55,000	56,500	58,000	59,500
12	56,100	58,500	60,000	61,500	63,000
11	59,600	62,000	63,500	65,000	66,500
10	63,100	65,500	67,000	68,500	70,000
9	66,600	69,000	70,500	72,000	73,500
8	70,100	72,500	74,000	75,500	77,000
7	73,600	76,000	77,500	79,000	80,500
6		77,157	78,657	80,157	81,657
5		78,157	79,657	81,157	82,657
4		79,500	81,000	82,500	84,000
3		80,500	82,000	83,500	85,000
2		81,000	82,500	84,000	85,500
1		81,500	83,000	84,500	86,000
Top		83,500	85,000	86,500	88,000

2015-2016, 2016-2017 SALARY SCHEDULE

Steps From Top	Bachelors	Masters	M+15	M+30	M+60/PHD
19	43,563	45,963	47,463	48,963	50,463
18	44,563	46,963	48,463	49,963	51,463
17	45,563	47,963	49,463	50,963	52,463
16	46,563	48,963	50,463	51,963	53,463
15	47,512	49,912	51,412	52,912	54,412
14	50,100	52,500	54,000	55,500	57,000
13	53,100	55,500	57,000	58,500	60,000
12	56,600	59,000	60,500	62,000	63,500
11	60,100	62,500	64,000	65,500	67,000
10	63,600	66,000	67,500	69,000	70,500
9	67,100	69,500	71,000	72,500	74,000
8	70,600	73,000	74,500	76,000	77,500
7	74,100	76,500	78,000	79,500	81,000
6		77,657	79,157	80,657	82,157
5		78,657	80,157	81,657	83,157
4		80,000	81,500	83,000	84,500
3		81,000	82,500	84,000	85,500
2		81,500	83,000	84,500	86,000
1		82,000	83,500	85,000	86,500
Top		84,000	85,500	87,000	88,500

Issue No.2: Appendix B, VIII Medical Plan - Health Reimbursement Account

Position of the District: The Board is proposing to eliminate the $800 medical reimbursement provided in the current Agreement, because it does not meet the requirements of the Patient Protection and Affordable Care Act (ACA). In its place, the Board will deposit in employees' 403(b) plans in each year of the contract the following scheduled amounts:

Year 1: $600
Year 2: $400
Year 3: $200

Any remaining accumulated balances in individual employee's medical reimbursement accounts will be paid out over time, in accordance with the existing payment requesting procedures.

The District is one of only three remaining districts in Berks County, and the only district in the surrounding Schuylkill County, in which this provision remains. Because it does not meet the requirements of the ACA, and the District cannot continue to offer this plan in its current form, at an annual cost of $144,000 per year or approximately .19 mills on the current tax rate. Due to the provisions of the ACA, the medical reimbursement plan does not satisfy the requirements to have an integrated health reimbursement account, which requires that such accounts provide minimum value coverage. Because the reimbursement plan is offered to all bargaining unit employees, including those who waive the District's medical plan, there is no guarantee or proof that all of the participants who waive the plan but receive the reimbursement are also enrolled in minimum value group coverage plan somewhere else. In other word, the District cannot continue to offer the medical reimbursement plan in its current form.

Finally, the ACA rules state that the cost of coverage calculation for the "Cadillac tax" will include employer paid reimbursements and from the Association's proposed HRA plan. The District will reach its threshold sooner than it would without either reimbursement plan. The Cadillac tax is a 40% excise tax that will apply to the total cost of employee health coverage that exceeds $10,200 for an individual and $27,500 for a family. The current actuarial projection is that the District will exceed the thresholds on or after 2020, which will cost $320 per employee per year, for a total of $57,600. Since the District cannot afford to pay the tax, it must to take steps now to avoid reaching those thresholds by eliminating the $800 HRA during the term of this proposed Agreement. Simply stated, the District cannot continue to offer the medical reimbursement plan in its current form or as proposed by the Association.

Position of the Association: This benefit has been provided for the last 20 years to fill gaps in insurance resulting from the District's joining the Berks County Health Care Consortium. Although the $800 has not increased over time, it continues to provide a benefit to the employees by reimbursing them for a portion of their uncovered medical expenses. Morevoer, there have been many additional changes to the health care plan over the last ten years that have passed more costs on to the employees by decreasing or reducing coverage and increasing the co-payments for services. During that same time, the Association also has agreed to cost shifting premium share by contributing to a portion of the premium cost, which is 8% currently.

The Association's proposal to establish an HRA managed by National Insurance Services will solve the non compliance problem and alleviate the District's having to manage the current reimbursement system. In the alternative, the District can add the $800 to the salary scale as other districts have done to avoid compliance problems, administrative costs and avoid the ADA Cadillac tax, while providing the money for employees to continue to cover out of pocket expenses.

Analysis and Opinion: The reimbursement provisions cannot continue in its current form, because it is compliant and its potential to cause the medical plan to exceed the ACA Cadillac tax threshold, both of which are unacceptable. The Association's proposal to establish an HRA is also problematic, because it continues to be costly and will eventually run afoul of the ACA. The cost of the current provision during the term of the Agreement will be approximately $432,000 or more as the unused amounts are rolled over from the current and the following two years. The Association's proposal will change the method of payment but not the cost. The District's proposal will cost $216,000 over three years, but has the added benefit that the 403(B) becomes the employees' property and is portable. Both parties have some acceptable and unacceptable components to their proposals.

I am proposing to strike a balance between and among the current plan, the District's proposal and the Association's proposal to avoid the ACA penalties well in advance of their becoming effective to ensure that they won't be levied, that will reduce the annual benefit and administrative costs and still provide a benefit to employees that will offset their insurance costs that are current, ongoing and increasing. Therefore, the current reimbursement plan shall remain in effect for the remainder of the current year, and any money remaining in the pool on or after the beginning of the 2015-2016 year shall remain available to reimburse employees in the current manner until the pool is exhausted, which should occur before the ACA penalty will be implemented. By keeping it in effect for the remainder of the 2014-2015 year the District will avoid having to collect a pro-rated reimbursement from teachers who have used a portion or all of the $800.

Effective on the beginning of the 2015-2016 contract year, the $800 per teacher contribution to the reimbursement account shall be eliminated and there shall be no additional contributions to the account. In it place, the 2014-2015 salary scale shall be increased by $500 for the 2015-2016 year. The District will reduce it annual cost from $144,000 to $90,000, while continuing to provide money that is added to the scale to offset current and future increases to employees for out of pocket health insurance costs in a form that is conforming and avoids having annual contributions to individual 403(B) accounts as the District proposed.

Recommendation: The current contract language shall remain in effect until the beginning of the 2015-2016 school year. Beginning with the 2015-2016 school year and thereafter, the Appendix B VIII shall be modified in the following or manner:

During the term of this Agreement, every full-time employee will be reimbursed ~~in each year of the contract to a maximum amount of $800~~ for any medical expense not reimbursable by any other plan *that is* incurred by the employee or his/her dependent upon the presentation of a receipted invoice. Requests for reimbursement shall be submitted to the office of the Superintendent between June 1 and June 30 and will be reimbursed within sixty (60) days~~. Any~~ *from the* unused portion of *the money remaining in the* reimbursement *account* ~~shall be~~ that has cumulatively *been* carried over ~~to the succeeding~~ *from the 2014-2015* contract year. *Qualification for such reimbursements and payments made shall remain as currently in effect. The reimbursement account remain in effect until the remaining money has been depleted.*

Issue No. 3: Appendix B, New Section - Demotion

Position of the Association: The Agreement and Pennsylvania School Code ("PSC") provides seniority for furloughs and realignment demotions under sections 1124 and 1125.1 Demotions for financial reasons, such as a reduction from full time to part time, are not addressed in either the PSC or the Agreement. Consequently, experienced, high seniority teacher may be reduced from full time to part time teaching status at reduced pay and benefits, while less experienced teachers remain at full time status with full pay and benefits. In addition, once employees are demoted, there are no provisions specifying what bidding rights they have to a full time position should one become available.

Many contracts in surrounding districts address this concern in various ways, by seniority and certification, by specifying deadlines after which none shall occur for the school year and by prohibiting them altogether during the contract term.

Therefore, the Association is proposing a contract provision that specifies that demotions shall occur by seniority within the area of certification, and demoted employees shall have recall rights to full time positions in the area of the employees' certification area.

Position of the District: The Association's proposal effectively eliminates a currently available and necessary management procedure. While the District has not chosen to utilize this option to date, it would be wholly inappropriate to include a provision that would contractually limit the Administration's ability to properly staff its schools, particularly during a time of economic need and retrenchment. Although a demotion for a professional employee is not defined in PASC, it is generally accepted to mean a reduction in the number of hours worked in a school day. The limitations placed on furloughs of professional employees by PASC do not apply to demotions of professional employees. The Association's proposed demotions clause limits the ability of the District administration to manage and deploy staff in a manner that better serves the District. Under the Associaiton's proposal, only teachers within the identified department can be considered for demotion even when there may be a properly certified teacher in another department or another school better suited for the assignment. The District rejects this proposal because it removes from the Administration the ability to assign staff to suitable positions, especially during economic need.

Analysis and Opinion: Although the Association's proposal has merit, it has not demonstrated a need for it at this time. There is no evidence that the District has demoted senior employees or any employees either for legitimate reasons or otherwise. Employees who believe they have been selected for demotion arbitrarily or capriciously have recourse to make a claim through Act 195 and the grievance procedure to seek relief.
Recommendation: The Association's proposal is not recommended. The Agreement shall remain unchanged with respect to the procedures for demotions to less than full time and the bidding procedures for such employees to bid to full time positions as they become available.

Issue No. 4: Appendix B, IV, Hours - Personal Leave

Position of the Association: Although teaching is family friendly profession, the lack of schedule flexibility makes it difficult to attend to family matters and business that generally occur when school is in session. Other professional and non professional employees in non teaching jobs have more flexible schedules, where employees earn vacation days that they may use to attend family reunions, graduation and other matters that occur during their work days. Since teachers do not have earned vacation and flexible work days and flexible vacations, the Association is proposing that an additional personal day should be added to the current two days that are now available to teachers with more than three years of service with the District. This proposal is in line with area school districts since at least nine school districts in Berks County provide three or more (one district has six) personal days per year.

Position of the District: The District objects to this proposal because the annual work days are equal to seven other districts in the county working the least number of days. The proposal will give this District the highest number of personal day with among the least number of work days.

Analysis and Opinion: Providing personal days to employees who have all the school vacation and summers off is a difficult concept for people who do not work a school schedule to accept and understand. The school schedule makes it difficult to attend to personal business that generally only occurs during school hours and attend family and other functions, especially when travel is required. Although the Agreement currently provides two days, those days may not be taken without the approval of the Superintendent with other conditions that limit the number of people who may be approved on any given day in each school and prohibit their use on the first and last weeks of the school year.

Two days even with a 187 day are not excessive given the complexities of personal business and personal lives, especially as families age, and responsibilities shift. While it can be argued that the younger teachers have similarly complex lives, they need to be in attendance at school as much as reasonably possible, because they are still growing in their jobs. Therefore, I am proposing that teachers with more that 15 years of service shall have three personal days available under the same conditions that now exist in the Agreement. The impact of their absence for one additional day is minimized by their well-developed planning and organizational skills to prepare for substitute teachers. This reasoning is not intended to imply that teachers with less experience are disorganized, but experience generally makes teachers better and more skillful.

Recommendation: Employees with more than 15 years of service will have three personal leave days per year, provided under the conditions currently specified in Appendix B, IV.

Issue No. 5: Appendix B, VII, Hospitalization- Premium Share

Position of the District: The District is proposing to increase the employees' share of the premium payments for health insurance from the 8% to 9%, 11% and 13% in years 1, 2 and 3 of the term of the Agreement. The past several years of rising premium costs have made cost-sharing a new reality. Reluctantly, the District must ask employees to continue to contribute at a modestly higher level in order to keep District costs at a reasonable level. The District has attempted to keep employee costs to a minimum, but, in order to continue to provide high quality health insurance and high quality education without raising taxes, there must be some additional contribution from employees toward health care costs to balance the increased spending in salary and other areas in this contract proposal.

The District's proposal is not out of line with other districts in Berks County, where the current 8% co-premium contribution is among the lowest, where the county-wide ranges from 8% to 23.3%, with an average of 11.9% for 2014-2015. The District's proposal is 2.9% less than the County average and is equal to two other districts for the 2nd lowest contribution rate. Moreover, according to the most recent report on Employee Benefits in the United States from the Bureau of Labor Statistics, dated March 2014, teachers paid 13% of the premium for single medical coverage and 34% for family medical coverage as reported in the National Compensation Survey. The Board's proposed co-premium contribution rate of 9% will result in lower contributions for employees than County or national averages. Given these disparages, it is difficult for the District to justify the low co-premium contribution to District taxpayers, especially to those whose payments are much higher for their medical insurance. Although the trend for premium sharing is to increase employee costs, the District's proposal is modest by comparison.

Position of the Association: The Association proposes to increase the premium share by 1% per year from the current 8% to 9% ,10% and 11%. The District’s proposal is unacceptable because it is costly, increasing annually by $200, $400 and $450 in each successive year of the contract for a three year total increase of almost $1,100 for the family plan. The Association believes that cost of its proposal reasonably can be accommodated by employees and the District.

Analysis and Opinion: Cost sharing is difficult because it redistributes costs but does little to reduce health insurance premium increases. Cost sharing will continue to be discussed until and unless there is a new insurance product that provides the current benefits and contains costs. Approximately every 1% of family plan health insurance cost moved from the District costs employees $199.50 currently, and $211 annually based on the maximum projected cost for 2015-2016. The District’s proposal, although not unreasonable, moves too quickly. I recommend that the cost sharing should increase to 9%, 10% and 12% respectively in each of the three years of the Agreement. This recommendation, when combined with the recommendation for eliminating the health insurance reimbursement and other recommendations contained in this Report, will provide reasonable cost saving to the District while continuing to provide a high quality health insurance to employees that is partially offset by the wage recommendation for 2015-2016. (see Issue No. 2, above). Employees will remain below the $578 Berks County average premium amount paid for the family level coverage. The effective date of the 9% premium cost sharing shall take effect on April 1, 2015, and not retroactive.

Recommendation: The employee cost sharing for health insurance premiums shall be as follows:

2014-2015: 9% effective April 1, 2015, not retroactive.
2015-2016: 10%

2016-2017: 12%

Issue No. 6: Appendix B, VII, Hospitalization - Spouse Contribution

Position of the District: The District is proposing the Employee contribute the following amounts toward the cost of medical insurance for employees whose spouses are eligible for insurance from their employer, but choose to be covered by the District's plan.

Year 1: $ 500
Year 2: $1,000
Year 3: $1,000

Due to the rising costs of health insurance, the District is proposing that employees' whose spouses who are eligible for coverage from their employer should pay an additional premium or surcharge to offset the District's cost and the burden their coverage may place on the plan. Many employers have been moving toward not covering spouses who have health insurance available through their employers. It is exceedingly troublesome, because the school districts in general and this District in particular offer more comprehensive plans that tend to attract spouses to the those plans. To continue to offer quality medical insurance to employees and dependents, while making the insurance offered to employees more comparable to what taxpayers are experiencing with their medical insurance, the District is proposing that employees contribute $1,000 to the cost of their medical insurance only for the spouses who have health insurance available from their employers but choose to be covered by the District's plan.

Position of the Association: The Association rejects this proposal, because employees on the family plan are already pay a considerable amount of the premium. Currently, employees pay almost $1,600 with the current 8% cost share for the family plan. The additional cost will do little to reduce costs to the District while placing an undue and unnecessary financial burden on employees. Finally, this provision if accepted will be unique among all the districts in the plan.

Analysis and Opinion: This proposal is unique to public sector employees and districts in the plan. The amount of money proposed is too little to cause spouses to migrate from this plan to their employer's plan, while adding $1000 to an unknown number of employees out of a potential pool of 76 employees. Moreover, the additional charge will do little to reduce any burden they may place on the plan, because the money will be paid to the District, not to the plan. In addition, there is no evidence that encouraging spouses to migrate away from the plan will reduce the experience rating and slow the rate of premium growth. To the contrary, the plan is more able to control costs by spreading the risk among a larger group, unless the spouses in the specified category are unhealthy and high insurance users. The District's proposal will do little to improve the plan and generate little income for the District.

Recommendation: The District's proposal is not recommended.

Issue No. 7: Appendix B, XI, Professional Development - Course Reimbursement

Position of the District: The Board is proposing to change the tuition reimbursement provisions to contain costs and give employees a financial stake in their continuing education. First, the District will base all reimbursements on the Kutztown University graduate credit tuition cost. Second, it will pay 100% of the cost for Level II certification, i.e., 24 credits after Bachelor's degree. Third, it will pay 80% of the cost for a Masters degree. Fourth, it will pay 50% of the cost for graduate credits taken for 30 credits taken beyond a Masters degree. Fifth, it will pay 100% for the cost of a Masters degree and certification for Reading Specialist, Instructional Technology and Special Education. Sixth, it will pay for not more than two on-line classes per year approved at the discretion of the Superintendent. The proposal will bring the District in line with other districts in Berks County, all of which have tuition reimbursement plans capped in some manner. The Distict's proposal will enable it to properly plan and budget for the cost of advanced degrees and target needed certification areas, while continuing to provide employees access to the professional development courses needed to advance their careers and improve their skills and knowledge. The proposal is structured to provide teachers with an investment in their professional development, while deterring them from taking courses solely for movement to the next higher pay column on the salary schedule that have questionable educational return on the District's investment.

Evidence seems to indicate that additional courses taken do not improve teacher performance. According to Matthew Chingos in his article, *Who Profits from the Master's Degree Pay Bump for Teachers*?, "The fact that teachers with master's degrees are no more effective in the classroom, on average, than their colleagues without advanced degrees is one of the most consistent findings in education research... Economic theory predicts that workers with post-secondary credentials earn more, because the degrees improve their effectiveness on the job or serve as a signal of higher ability. In education, the MA degree does neither of those things."

Finally, the District is proposing to modify the schedule for repayment for employees who leave the district for any reason before two years after taking and receiving reimbursement for courses: 100% for leaving within one year and 50% for leaving one year or less than two years. Anyone who leaves after two years employees owe nothing.

In summary, the District's proposed changes will continue to provide reimbursement for continuing teacher education and movement on the salary scale, while enabling the District to control cost and target certification areas needed to improve outcomes.

Position of the Association: The District's proposal essentially replaces the best tuition reimbursement policy in the County with the absolute worst. However, the Association agrees that there is some merit to reducing costs by reimbursing credits at the Kutztown University rate and limiting credit reimbursement for credits taken beyond a Masters degree. It disagrees with limiting online classes, because the quality and value of online courses have improved and are legitimate and necessary alternatives classroom attendance.

During bargaining for earlier contracts, the parties have added language to make individuals who leave the District after obtaining credit reimbursement pay back some of the costs. The Association has proposed major changes to the structure and payment to help the District with costs while maintaining a reasonable reimbursement benefit to employees. Moreover, we live in a society that is continuing to be more technologically center to where online graduate classes are high quality and have entered the mainstream. Limiting online classes will provide a disservice to both parties, especially when those courses are not available locally and only offered during work hours. In addition, the District's tuition repayment proposal is unacceptable, especially if the separation is due to circumstances beyond their control, such as furloughs and other restructuring that cause employee displacement. The current contract protects the District from heavily investing in the continued education of employees who are using that education to pursue other educational and non educational interests with another employer.

The Association has attempted to meet the District in a meaningful way while still providing employees with a reasonable albeit different credit reimbursement system.

Analysis and Opinion: The parties' proposals and reasoning make economic and educational sense, Chingos's opinions notwithstanding. Whether continuing education improves teacher effectiveness and performance is outside the limits of this fact finding. I am making my recommendations based upon economic and finding common ground between the interests and needs of the parties. I agree in concept with the thrust of the District's proposals and appreciate the Association's concerns for the financial impact on its members by any changes. The District's proposal to base credit reimbursement on Kutztown University tuition rates, 100% reimbursement for Level II certification, controlling reimbursements for Masters and post Masters credits, changing repayment conditions for teachers who leave, and offering incentives for teachers to obtain specific degrees and certifications are reasonable. I do not agree with limiting online courses, because they have entered the mainstream for obtaining advanced degrees and specific training programs. With proper controls, the District can ensure that the classes are legitimate and appropriately rigorous to qualify academically for reimbursement. Any changes should go into effect on June 2015 to enable employees currently enrolled in courses to complete them under the conditions they had obtained approval.

Recommendation: The Agreement should be modified to incorporate the following recommendations:
Effective June 1, 2015,

1. All reimbursement shall be at the Kutztown University graduate rates.
2. 100% reimbursement for credits needed to obtain Level II certification.
3. $2,500 per teacher per year for any classes taken beyond those needed to obtain Level II certification, but limited to 9 credits per year.
4. 100% reimbursement for the cost of a Masters degree and certification for Reading Specialist, Instructional Technology and Special Education.
5. No limit for online classes approved in advance by the Superintendent.
6. Modify the repayment provision as follows: If an employee voluntarily leaves the District for any reason other than retirement or *is discharged for cause* prior to completing the two (2) years of service since the completion of a course that was reimbursed....

Summary

I want to thank the parties for their complete and in-depth presentations that enabled me to arrive at my recommendations. I believe these recommendations strike a balance between needs of the District to manage and pay for education, while providing employees with a salary and benefit package that provides them with economic stability and recognizes the importance of their service.