

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LABOR RELATIONS BOARD

IN THE MATTER OF

**THE PLUM BOROUGH
SECRETARIES EDUCATIONAL SUPPORT
PERSONNEL ASSOCIATION, PSEA/NEA**

and

THE PLUM BOROUGH SCHOOL DISTRICT

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Case No. ACT 88-12-28-W

FACT FINDING REPORT

Michael D. McDowell, Esq., Fact Finder
Report Dated: August 27, 2012

APPEARANCES

For the Plum Borough School District:

Lee Price, Esq.
Andrews & Price
1500 Ardmore Blvd., Suite 506
Pittsburgh, PA 15221

For the Plum Borough Secretaries Educational Support Personnel Association/PSEA/NEA:

Ms. Janine Yodanis
UniServ Representative
PA State Education Association
10 South 19th Street
Pittsburgh, PA 15203-1878

BACKGROUND

The Plum Borough School District ("District") employs twenty (20) persons who are members of the Plum Borough Secretaries Educational Support Personnel Support Association/PSEA/NEA ("Association").

By letter from the Secretary of the Pennsylvania Labor Relations Board ("Board") dated July 17, 2012, the undersigned was advised of his appointment pursuant to Act 88 of 1992 ("Act 88") and the Public Employe Relations Act (PERA), as Fact Finder in an impasse between the District and the Association.

In accordance with the Board's order of July 17, 2012, the parties filed written statements of the issues in dispute with the Fact Finder. The parties raised issues at impasse involving the following provisions of the Collective Bargaining Agreement ("CBA"):

- APPENDIX A: Wage and Salary Provisions
- APPENDIX B: Health Care Plan: HMO vs. PPO
- APPENDIX B: Premium Share for Insurance
- APPENDIX B: Emergency-Personnel Days
- APPENDIX B: Vacation

The parties have been unable to reach agreement on the disputed issues. They have, in a sense, agreed to have a third party review their respective positions on the disputed issues and recommend a result that, if the parties agree, would be incorporated into the CBA they would have otherwise forged through the collective bargaining process.

On August 17, 2012, a Fact Finding Hearing was held at the Plum High School, at which both parties were afforded a full opportunity to present testimony, examine and cross-examine witnesses, introduce evidence and argue orally in support of their respective positions.

The issues are addressed in the same order as the relevant Articles appear in the predecessor CBA. To arrive at the recommendations in this Fact Finder Report, reliance was placed upon, among other things, the following considerations:

- The reliable and credible evidence presented at the Fact-Finding Hearing as well as the presentations of the parties;
- The predecessor CBA;
- Other labor agreements with the District;
- Comparisons of the unresolved issues relative to the employees in this bargaining unit and how those issues are addressed in other public and private settings where employees are doing comparable work, giving consideration to factors peculiar to the area and classifications involved;
- The interest and welfare of the taxpayer and the District to finance and administer the issues proposed;
- The understanding that each individual issue has been reviewed for its relative individual merit; at the same time, each individual issue has also been reviewed with consideration given to whether or not it appropriately fits into the CBA created through this process;
- The lawful authority of this employer;
- Any stipulations of the parties.

The recommendations include overall considerations of the national economy, continually increasing health care costs and the further uncertainty of the impact on these costs by the recently enacted national health care legislation, what appears to be the inevitable increase in District payments to the Pennsylvania School Employee Retirement System ("PSERS"), and the potential moratorium on state aid for capital projects.

Although these reasons may not be specifically referenced in the Recommendations, the rationale for not recommending a proposal will include:

- The proposal was not sufficiently supported at the Fact Finding Hearing;
- The other party's argument against a proposal's inclusion was more compelling;
- The matters addressed by the proposal were not deemed appropriate to be recommended at this time, given the other recommendations in this Report for change in the predecessor CBA.

The recommendations which follow constitute the settlement proposal upon which the Parties are now required to act, as directed by statute and Board regulations. Pursuant to statutory authority, this Report will be released to the public if not accepted. A vote to accept the Report does not constitute agreement with or endorsement of the rationales, but rather represents only an agreement to resolve the issues by adopting the recommendations. The Parties are directed to review the Report and, within ten (10) days of its issuance, notify the Board of their decision to accept or reject the recommendations.

DISCUSSION AND RECOMMENDATIONS

APPENDIX A WAGE AND SALARY PROVISIONS

Association Position: The Association proposes the following wage increases:

2011-2012	\$0.25 per hour on-scale plus step movement
2012-2013	\$0.50 per hour on-scale plus step movement and index the salary schedule
2013- 2014	\$0.50 per hour on-scale plus step movement and index the salary schedule.

The Association argues that the wage increases requested are modest. The Association is proposing to index the salary schedule in order to correct the fact that the first several years of salary at the District for new unit members are the lowest in Allegheny County, making it difficult to recruit qualified administrative assistants. The Association also provides wage statistics comparisons from several other school districts and Allegheny County in support of its proposal. In addition, the Association points out that for the 2012-2013 school year, the District Administrators received an across-the-board wage increase of 2%. The Association further argues that the District's wage increases in conjunction with the health insurance changes would result in a net loss of income.

The Association acknowledges that the District has maintained good control over his finances in difficult times. The Association points out that the budgeted ending fund balances for the District since 2007 have been significantly less than the actual ending fund balances after audit and publication in the annual financial reports. Although the ending fund balance has been declining since 2008, it is still in the healthy range - over 10% - for every year and that in each year the fund balance was more than anticipated. The District's budgeted revenues vs. actual revenues in four out of the last five years shows estimated revenues less than actual, which the Association asserts reflects good, conservative budgeting practices. The District expenses are similar, with only two of the last five years showing an underestimation of expenditures. The bottom line is that in the last five years the budgeted operating position of the District is positive at the end. The District spent less and received more revenue. Over the last five years, the District had unanticipated revenue netting \$1.3 M.

The Association does note that the local tax effort has been higher in this District in each and every year since 2005 when compared to the contiguous school districts but that the trend for the District is declining at 1.5% per year as opposed to the contiguous school districts average of .7%. For Allegheny County, the local tax effort has been higher than the Allegheny County composite from 2007 but has been declining more rapidly and has a lower overall effort. The Association points out that the personal income tax effort is higher in contiguous school districts and declining at the same rate.

The District has not raised its real estate millage tax rate since 2008. The Association asserts that the District could have raised its real estate taxes up to a certain amount under Act 1 without a referendum but did not. Compared to the national inflation rate the tax rate increases have been less than the rate of inflation.

Using the most recent census data, the difference between the parties in their proposals amounts to \$1.14 per household per year or less than 1/100th of a percent of median household income.

The annual difference in the Association's proposal and that of the District for the first year is \$0 in 2011-2012. In 2012-13, for the second year it is a \$38,747 difference, and for the third year, 2013-2014, the difference is \$22,886. The total difference is less than \$62,000 between the parties during the length of the agreement.

The Association addresses the District's internal comparisons by noting that the work of this unit is very high level when compared to the custodians and cafeteria workers.

The Association raises the concern that the Fact Finding hearing was the first time the Association had heard of the tiered system in the District's proposal. It contends that the tiered system would place those individuals at the bottom in Allegheny County and is not acceptable. The Association notes that the Cafeteria workers, teachers and paraprofessionals are not tiered. The Association maintains that the teachers have received a 5% increase

District Position: The District proposes the following increases to the hourly rate.

2011-2012	\$0.00 per hour
2012-2013	\$0.25 per hour
2013-2014	\$0.25 per hour

Current Step Movement, for 4 current Employees only that have not reached the top rate.

For new employees hired July 1, 2011, and after:

Effective July 1, 2011, the wage rate for all employees, except print shop, covered by this Agreement hired on or after July 1, 2011, shall be

2011-2012	\$11.80 per hour (\$24,544 per year if 12 months)
2012-2013	\$12.35 per hour (\$25,688 per year if 12 months)
2013-2014	\$13.40 per hour (\$27,872 per year if 12 months)

The District asserted that its proposal was comparable to other service collective bargaining units in the District and offered comparisons to the wages for the other service collective bargaining units within the District:

- 1) Custodial, Supply and Maintenance bargaining unit contract running from July 1, 2010 through June 30, 2013. This unit has had wage freezes in 2010-2011, and 2011-2012, with a \$.20 per hour increase in the third year of a three year contract. The step in wages for new hires was increased from 5 years to 10 years;
- 2) Food Service Bargaining Unit contract running from July 1, 2011 to June 30, 2014. This unit had wage freezes in 2011-2012 and 2012-2013, with a \$0.25 per hour increase in 2013-2014;
- 3) Paraprofessionals and Education Support Professionals ESP/PSEA/NEA contract running from July 1, 2010, through June 30, 2013. This unit has had a wage freeze in 2010-2011, a \$0.25 increase in 2011-2012, and a \$0.35 increase in 2012-2013. The District points out that the Association did not have a wage freeze in its last contract.

The District maintains that the Plum Administrative Assistant 2 receive over \$20.00 per hour in wages and compare very favorably to the Federal and state statistics. The Federal statistics for the Pittsburgh PA area show that Payroll and Timekeeping Clerks have a median wage of \$17.29 and a mean wage of \$17.67, and Secretaries and Administrative Assistants (except legal, medical and executive) have a median wage of \$13.98 and a mean wage of \$14.52. The Commonwealth of Pennsylvania statistics for the Pittsburgh Metropolitan Statistical Area show that Office & Administrative Support Occupations have an average hourly wage of \$15.83, and that Payroll & Timekeeping Clerks have an average hourly wage of \$17.67. The District notes that the structure is set up for new employees in the fifth year making a substantial jump to the top rate.

The District counters the Association's comparisons from the contiguous school districts by pointing to the Commonwealth of Pennsylvania 2011-2012 School District Aid Ratios. These ratios are used by the Commonwealth to measure the relative wealth of Pennsylvania school districts and are used in the calculation of how much a school district will receive in basic education subsidies. These ratios show that of the six continuous school districts in comparisons offered by the Association, only one, Penn Hills School District, has a higher (less wealthy) ratio than the District. The other contiguous school districts are considered wealthier than the District and better able to support more generous labor agreements.

The District asserts that the comparison of the bargaining unit to administrators is not a fair or appropriate comparison. It argues that the groups are dissimilar in that the administrators have a different level of education and degrees, work longer hours and are obliged to attend meetings in the evenings, sometimes working 12 hours a day. In addition, most of the administrators took a pay freeze in 2011-2012 and during that time only a few administrators received a onetime merit bonus of \$500 to \$1,000 which was not added to their compensation rate, and only three received a percentage increase that year. The District acknowledged that the Administrators received a 2% increase the 2012-2013 year.

The District points out that it has been fiscally prudent, but has very few commercial or retail businesses in its tax base when compared to the other contiguous school districts. The District maintains that just because this bargaining unit is a small part of the budget is not a justification for paying more than a fair rate for the positions. The School District maintains that its offer is in line with other school districts that have a higher ability to pay than the District.

The District argued that it has long term concerns including an expected significant increase in PSERS contributions in the next few years, and that building construction or remodeling plans may be forced to use local funds in the face of a threatened moratorium in state funds. Part of the fund balance will be needed to cover these items.

Recommendation: The District has been able to maintain a fund balance at a healthy level. However, there are uncertainties on the near horizon which will impact the financial position of the District, including a moratorium on state aid for capital improvements and future PSERS contribution increases. That the impact of the Association's proposals on the District's financial situation is minimal will be given little weight, as this is a small unit consisting of twenty employees. The increases requested by the Association would result in a settlement in excess of other internal union agreements. The wage increases requested by the District appear low in that respect as well.

It is recommended that the wages be frozen in the 2011-2012, (the first year of the contract which has already passed), be increased by \$0.25 per hour in 2012-2013 (the second year of the contract), and be increased by \$0.35 per hour in 2013-2014 (the third year of the contract). These increases will be applied to each step.

The tiered system proposed by the District was not sufficiently established at the Fact Finding and there was a dispute between the Association and the District as to whether the tiered system was discussed in prior negotiations. As it is not clear that the same was discussed previously, the same is not recommended. Also, with respect to the Association's proposed indexing, the same would only impact four employees and would result in a significant increase for just those employees at this time, and for the District with regard to future hires. The same was not adequately supported by the Association.

It is recommended that the language of Appendix A, Wage and Salary Provisions be modified to read as follows:

	2010-11 (base)	2011-2012	2012-2013	2013-2014
<i>10 Month - 1 - Administrative Assistant</i>				
1	15,285	15,285	15,695	16,269
2	15,744	15,744	16,164	16,728
3	16,216	16,216	16,626	17,200
4	16,702	16,702	17,112	17,608
5 (top)	32,923	32,923	33,333	33,907
<i>10 Month - 2 Administrative Assistant</i>				
1	16,121	16,121	16,531	17,105
2	16,605	16,605	17,015	17,589
3	17,103	17,103	17,513	18,087
4	17,616	17,616	18,026	18,600
5 (top)	33,884	33,884	34,294	34,868
<i>12 Month Print Shop</i>				
1(top)	30,434	30,434	30,844	31,418
5 (top)				
<i>12 Month - 1 - Administrative Assistant</i>				
1	19,386	19,386	19,906	20,634
2	19,968	19,968	20,488	21,216
3	20,567	20,567	21,087	21,815
4	21,184	21,184	21,704	22,432
5 (top)	41,756	41,756	42,276	43,004
<i>12 Month - 2 - Administrative Assistant</i>				
1	20,446	20,446	20,966	21,694
2	21,059	21,059	21,579	22,307
3	21,691	21,691	22,211	22,939
4	22,342	22,342	22,862	23,590
5 (top)	42,973	42,973	43,493	44,221
<i>12 Month - 3 - Administrative Assistant</i>				
1	30,000	30,000	30,520	31,248
2	30,900	30,900	31,420	32,148
3	31,827	31,827	32,347	33,075
4	32,782	32,782	33,302	34,030
5 (top)	44,191	44,191	44,711	45,439

APPENDIX B OTHER EMPLOYEE BENEFITS - HOSPITALIZATION AND SURGICAL BENEFITS

District Position: The District proposes to switch health care coverage from Allegheny County Schools Health Insurance Consortium's PPO Plan ("PPO") to the Consortium's KeystoneBlue HMO ("HMO") Plan.

The District asserted that its proposal was comparable to other service collective bargaining units in the District and offered comparisons of the health care providers in those cases:

- 1) Custodial, Supply and Maintenance bargaining unit contract running from July 1, 2010 through June 30, 2013. This unit switched from Allegheny Intermediate Unit Labor Management Health Care Consortium PPO to the Consortium HMO;
- 2) Food Service Bargaining Unit contract running from July 1, 2011 to June 30, 2014. This unit agreed to receive healthcare from the Consortium HMO;
- 3) Paraprofessionals and Education Support Professionals ESP/PSEA/NEA contract running from July 1, 2010, through June 30, 2013. The members of this unit have no health care unless they decide to purchase identical to the professional employees.

The District also proposes that the employee can chose the PPO, but the employee must pay the difference in premium cost.

As to the Association's argument that administrators are permitted to choose between the PPO and HMO at no cost, the District asserts that it legally could not change the plans at that time for the administrators and that its only choice was to offer this as an option.

Association Position: The Association proposes that the employees be allowed a choice between the PPO and the HMO, but if the employee chooses the PPO, they do not have to pay the difference.

The HMO health care network is very limited outside of Pennsylvania. The Association asserts that the HMO does not provide any benefit care network in Alabama, Alaska, Idaho, Iowa, Kansas, Mississippi, Montana, Nebraska, North Dakota, Oregon, Puerto Rico, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia and Wyoming. Maryland technically doesn't participate, however the District of Columbia BCBS covers most counties of Maryland, so it is available in most of Maryland. Therefore, any member who lives outside of the state in the non participating states for the summer, or has dependent(s) age 26 or under doing so, will need to purchase PPO health care coverage at a higher rate. In addition, the health care provider (ACSHIC) recommends that any member, spouse or dependent who has a serious health condition continue in the PPO plan.

The Association argues that for the 2012-2013 school year, the employees have already contributed to the PPO plan's deductible. Forcing employees to switch to the HMO this year would make those deductible contributions a loss to the employee.

The Association points out that in July, 2012, all administrators and non-bargaining unit staff have been afforded the right to choose between the PPO and the HMO at no additional cost. The Association maintains that the savings annually are \$10,000 for switching from the PPO to the HMO.

The Association asserts that the Consortium this year instituted a \$200/\$400 in-network yearly deductible individual/family for the PPO, which kept the annual premium increase at a low 4.75%.

With respect to the internal comparisons, the Association asserts that the custodians do not have a good agreement as they were threatened with outsourcing. It notes that the cafeteria workers have always had a HMO.

Recommendation: The parties have provided persuasive arguments that have resulted in a recommendation for a modification of their proposals. It is recommended that for 2011-2012, the first year of the contract, that there be no change in this health care provision. It is recommended that for 2012-2013, the second year of the contract, that the employees be offered the choice between the PPO and the HMO, but if the employee chooses the PPO, the employee will not have to pay the difference in premium. It is recommended that for the 2013-2014, the third year of the contract, that the employees be offered the choice between the PPO and the HMO, but if the employee chooses the PPO, the employee will have to pay the difference in premium.

It is recommended that the language of "Appendix B, Other Employee Benefits - Hospitalization and Surgical Benefits" be modified to insert the following after the first sentence:

For 2012-2013, the second year of the contract, employees will be offered the choice between the PPO and the HMO, but employees who choose the PPO will not have to pay the difference in premium. For the 2013-2014, the third year of the contract, employees will be offered the choice between the PPO and the HMO, but if the employee chooses the PPO, the employee will be responsible for the difference in premium cost between the HMO and the PPO.

APPENDIX B OTHER EMPLOYEE BENEFITS - PREMIUM SHARE FOR INSURANCE

District Position: The District proposes that premium copayments be increased as follows:

2011-2012	copay @ 1.50% of wages
2012-2013	copay @ 3.00% of wages
2013-2014	copay @ 3.00% of wages

The District asserted that its proposal was comparable to other service collective bargaining units in the District and offered comparisons to the health care premiums for the other service collective bargaining units within the School District:

- 1) Custodial, Supply and Maintenance bargaining unit contract running from July 1, 2010 through June 30, 2013. The copayment premium for health insurance was 2 1/2 % of wages in 2010, 2 3/4 % of wages in 2011 and 3% of wages in 2012;
- 2) Food Service Bargaining Unit contract running from July 1, 2011 to June 30, 2014. The copayment for premium is the equivalent of two months of premium;
- 3) Paraprofessionals and Education Support Professionals ESP/PSEA/NEA contract running from July 1, 2010, through June 30, 2013. As noted above, no health care unless they decide to purchase identical to the professional employees

Association Position: The Association proposes that the premium copayments be increased as follows:

2011-2012	copay @ 1.50% of wages
2012-2013	copay @ 1.75% of wages
2013-2014	copay @ 2.00% of wages

The Association asserts that the District proposal will result in a net loss of compensation due to this increase in health care copayments of premiums. The Association is willing to increase health insurance premium copayments to a reasonable level. The Association notes that only two school districts in Allegheny County have premium share as a percent of wages. Elizabeth Forward is one that has a 2% of wages share. Chartiers Valley Unit #2 has a 1.25% of wages individual and a 1.5% of wages family contribution to health care premiums.

Recommendation: It appears inevitable that employees will be required to bear more of the increasing costs of health care. Whether and to what extent the new federal healthcare legislation will impact these costs is uncertain at this point. Also, the internal comparables are persuasive.

It is recommended that the language of "Appendix B, Other Employee Benefits - Vacations - Premium Share For Insurance" be modified to read as follows:

Each administrative assistant provided health care shall pay the following percent of their regular wage toward health care as a premium share. Such insurance will include Hospitalization and Surgical Benefits, and Dental Care Insurance.

<i>Contract Year</i>	<i>Amount of Premium Share</i>
<i>2011-2012</i>	<i>1.5%</i>
<i>2012-2013</i>	<i>1.75%</i>
<i>2013-2014</i>	<i>3.0%</i>

APPENDIX B OTHER EMPLOYEE BENEFITS – EMERGENCY PERSONAL DAYS

Association Position: The Association seeks to increase personal days from two (2) to three (3) per year. The Association supports this increase by maintaining that most school districts in Allegheny County provide three (3) personal days per year. It maintains that District teachers, custodians, maintenance, administration and not bargaining unit members receive three (3) personal days per year. The Association asserts that the cost would be minimal to the District because substitutes are not used for absence in one-half of the administrative assistant positions resulting in a maximum yearly cost for this increase of \$864.00.

District Position: The District has rejected the Association's proposed changes to "Appendix B, Other Employee Benefits - Emergency Personal Days." The District proposes that the current language be maintained. The District opposes this increase in personal days for the economic reasons it asserted above.

Recommendation: The Association's internal comparisons are persuasive. It is recommended that the Association's proposal to modify "Appendix B, Other Employee Benefits - Emergency Personal Days" be adopted.

It is recommended that the language of "Appendix B, Other Employee Benefits - Vacations - Emergency Personal Days" be modified to read as follows:

Three (3) emergency-personal days in addition to the sick days may be taken per year. When possible, advance notice shall be given to the building principal. These days are cumulative as sick days. Personal days are to be granted for full or one-half (1/2) day increments. Emergency-personal days shall be pro-rated if employment begins or terminates during the school year.

APPENDIX B OTHER EMPLOYEE BENEFITS - VACATIONS - Twelve Month Employees

Association Position: The Association seeks to lower the years-of-service eligibility requirement for three weeks vacation, from six years to five years. The Association supports this request by maintaining that most school districts in Allegheny County provide more vacation days per year. Additionally, District custodians and maintenance staff receive three weeks of vacation after five years of service. The Association maintains that the cost would be minimal to the District because substitutes are not used for absences in one-half of the administrative assistant positions. The Association represents that this change will only affect one employee during the life of the contract, and that employee will not be replaced by a substitute.

District Position: The District has rejected the Association's proposed changes to "Appendix B, Other Employee Benefits - Vacations." The District proposes that the current language be maintained. The District opposes this increase in personal days for the economic reasons it asserted above.

Recommendation: The Association internal comparisons are persuasive. It is recommended that the Association's proposal to modify "Appendix B, Other Employee Benefits - Vacations - Twelve Month Employees" be adopted as follows.

The Employer grants the following vacation schedule based upon years of service in the Plum Borough School District:

<i>Less than one year</i>	<i>One day for each 3 months worked</i>
<i>One year</i>	<i>One week</i>
<i>Two years</i>	<i>Two weeks</i>
<i>Five years</i>	<i>Three weeks</i>
<i>Ten years +</i>	<i>Four weeks</i>

This concludes the Report of the Fact Finder.

Respectfully submitted,

Pittsburgh, PA
August 27, 2012

Michael D. McDowell, Esq.
Fact Finder

CERTIFICATE OF SERVICE

This is to certify that, pursuant to the parties' agreement, a .pdf format electronic copy of the foregoing was emailed this 27th day of August, 2012, to the Pennsylvania Labor Relations Board at plrb@dlr.state.pa.us; and emailed to Ms. Janine Yodanis, UniServ Representative for the Association at jyodanis@psea.org; and emailed to Lee Price, Esq., attorney for the District at lprice@andrewsandprice.com.

Michael D. McDowell, Esq.
Fact-Finder