

Commonwealth of Pennsylvania
Pennsylvania Labor Relations Board

IN THE MATTER OF FACT FINDING

between

HOMER-CENTER SCHOOL DISTRICT,
“DISTRICT”

and

HOMER-CENTER EDUCATIONAL SUPPORT
PERSONNEL ASSOCIATION,
“ASSOCIATION”

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Case No. ACT 88-12-3-W

REPORT AND RECOMMENDATIONS

FACT FINDER: William W. Lowe

FOR THE EMPLOYER:

Mr.
Representing Homer-Center School District

FOR THE ASSOCIATION:

Ms. Brooke E. Elliott, Esq., UniServ Rep., PSEA
Representing Homer-Center Educational
Support Personnel Association

BACKGROUND

Pursuant to Act 88 of 1992 (Act 88) and the Public Employe Relations Act, Act 195 of 1970 (PERA), the undersigned was appointed by the Pennsylvania Labor Relations Board (Board) on March 20, 2012, as the Fact Finder in the bargaining impasse between the Homer-Center School District (“Employer” or “District”) and the Homer-Center Educational Support Personnel Association PSEA/NEA (“Association” or “Union”).

In accordance with the Board’s Order of March 20, 2012, the parties filed with the Fact Finder written statements of the issues in dispute. After some clarification both before and during the Fact Finding hearing, the parties identified three unresolved issues. A hearing went forward at the Homer-Center School District offices on Tuesday, April 24, 2012, at which time both parties were afforded a full opportunity to present testimony, introduce documentary evidence and argue orally in support of their respective positions.

I commend the parties for their informative and professional presentations. The positions of the respective parties were clearly articulated and logically and completely set forth. I further credit the parties for their professional approach to negotiations and for the respect and consideration shown the opposing party throughout their negotiations and the fact-finding processes.

The recommendations which follow constitute the settlement proposals upon which the parties are now required to act as directed by Board regulation and statute. Pursuant to governing statutes, 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 rationale contained therein, 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.

ISSUES

The Association and the Employer identified three (3) basic issues remaining in dispute between them at the time of the fact-finding. These issues include the following:

- (1) Loss of Revenue in Food Service
- (2) Appendix B, Section 1: Medical Insurance
- (3) Appendix B, Section 9: Part-time Employee Purchase of Benefits

These issues will be discussed in detail in the following sections. It should be noted, however, that the specific economic recommendations made in this Report, although discussed separately, were made only after consideration of all of the economic issues presented at the fact finding and their total, combined impact upon both parties.

OVERVIEW AND BARGAINING HISTORY

The District, located near Indiana, PA services Homer City and Center Township. The District is comprised of a high school and an elementary school and has an enrollment of approximately nine hundred (900) students and a professional staff of approximately 80 employees. The non-professional bargaining unit is comprised of approximately 35 full-time and part-time employees engaged in secretarial and clerical, cleaning, custodial, maintenance, cafeteria, and licensed practical nursing duties. The parties have enjoyed a long-standing collective bargaining relationship with the latest Agreement being negotiated for the period July 1, 2008 to June 30, 2011. The parties have been meeting monthly

for over a year in attempting to arrive at a successor Agreement which they have agreed will cover a three year period – July 2011 through June 2014.

Recently, one of the major industries in the area that contributed heavily to the District's tax base, requested a tax reassessment which resulted in a tremendous loss of tax revenue. In fact, overall the District has experienced lost tax revenue of over three hundred thousand dollars (\$300,000.00) in 2010-2011. As a result, the financial picture for the District has grown dimmer, and the District is examining various means to cover the tax loss, the funding cuts from the State, and the general dismissal state of the national economy all of which have caused it to look for ways to economize. Recently, the District furloughed nine (9) teachers and cut out some of its educational programs, e.g. driver's education and woodshop and reduced staff in other program areas.

With respect to the non-professional bargaining unit, the District maintains that there is a funding shortfall of some eighty-four thousand dollars (\$84,000.00) in the food service program. The District is currently examining ways of eliminating that shortfall. Two recent initiatives have been instituted – (1) an increase of twenty-five cents (\$.25) in the cost of cafeteria lunches and (2) the elimination of free breakfasts that had been provided for a number of years. It was hoped that these initiatives would eliminate the bulk of the shortfall, but they did not. During bargaining the District proposed a bargaining initiative which it hoped would totally eliminate the funding shortfall – the contracting of food service (cafeteria services) for the District. The Association contended that such a radical initiative was unnecessary and believes, through the initiatives already begun and other initiatives to be launched, that the funding shortfall will be brought under control and permit the food service employees to maintain their status as District employees enjoying the rights and privileges of public employment.

As of the date of the Fact-Finding hearing, the parties were still deadlocked on three issues – (1) food service losses; (2) medical insurance; and (3) the opportunity of part-time employees to purchase benefits. Additionally, while the parties are not deadlocked on salaries/wages, there is a fourth issue "Wages" (found in Appendix A) that needs to be addressed. Appendix A contains the new Wage Schedules and Salary Schedule Step Placement Charts based on the parties' agreement in this area. Each of these issues is examined in further detail below.

DISCUSSION AND RECOMMENDATIONS

Issue No. 1: Loss of Revenue in Food Service.

Current Status. There are four full-time cafeteria employees in the bargaining unit and about thirteen (13) food service employees overall. The District contends that there is an eighty-four thousand dollar (\$84,000.00) shortfall in the food service area largely brought about by approximately ninety thousand dollars (\$90,000.00) in health care costs that the District is currently picking up for the employees. Currently, only the full-time employees enjoy health care coverage at the District's expense. The four (4) food service employees, along with the other full-time employees in the non-professional bargaining unit currently have the health care insurance coverage that the members of the professional bargaining unit have enjoyed although the most recent Collective Bargaining Agreement for the professional unit has resulted in increased cost to its members. Two District initiatives (increasing the cost of lunches and elimination of free breakfasts) has reduced the funding shortfall but not enough, in the District's collective opinion, to cause it to drop its proposal.

Position of the Parties.

The **Association** proposes that outsourcing be taken off the bargaining table as the initiatives currently under way are significantly reducing the funding shortfall and, with one cafeteria worker going off the District's health insurance, the shortfall will be reduced even more – to the point where a greatly reduced shortfall will exist. The Association argued that it is unreasonable and unfair to attempt to balance the books on the backs of the employees who are paid the least in the District. The Association agrees and supports the District's attempts to curb expenses, but feels the full-time food service employees are being asked to give up far too much. While the Association is not happy with the increased employee costs that will be required if the District goes to health care coverage which will require increased co-pays and deductibles, it is willing to do such to address the shortfall. The Association contends that in the recent past, the bargaining unit has lost three employees who were not replaced which has aided the District to further reduce the funding shortfall. Also, as the Association noted, the District has characteristically taken in more revenue than is budgeted.

The **District** contends that its initiatives, while realizing some savings, have not resulted in coming close to wiping out the funding shortfall, and there still needs to be a major cost savings which will be realized if the District either contracts out the cafeteria work or takes other measures to address the funding shortfall such as significant increases in employee outlays for health insurance, especially in food service where it proposes a separate and more drastic reduction in health insurance benefits for food service employees to address the eight-four thousand dollar (\$84,000.00) shortfall there. The District also makes a good point that the economic indicators are going in the wrong direction. Tax revenues are down, further reassessments could be made to housing in the area even further reducing tax revenues, and personal income in the District has reduced in 2009, student population is dwindling, and the Homer Center School District has seen a greater overall real estate tax increase than any other District in the area. In short, the District is experiencing economic and population trends going in the wrong direction for growth.

Discussion. I agree that the funding shortfall is serious, and that Districts must be responsible and take measures in these difficult economic times to control costs. This District is not a wealthy district and the taxpayers are simply not in a position to contribute more and more to education. However, on the other hand, the bargaining unit members were not the cause of the funding problem. Their wages are low and they work hard. The one benefit they enjoyed was a very generous health benefit plan, but they were not alone. All the district employees enjoyed the same generous health benefit plan. The District sees the alternative as contracting out the food service work, but I do not view this as a good alternative. As happens so often, contractors are willing to offer a "low-ball" bid at the onset, but once they are entrenched, the costs keep escalating to the point where in-house food service would have been much more economical in the long run. I also do not see the need to use the three or four full-time food service employees as the ones who should suffer disproportionately.

Recommendation. I propose no contracting out of food service work at this time. I also propose that the District continue to seek ways of cutting costs, and believe, like the Association acknowledged, that it has done a good job of this. I recognize that the compensation of the food service employees constitute only a very small portion of the overall District budget (just over 1%) and so do not believe compensation is as critical an issue as the District asserts

considering all the changes that have been made to address the shortfall. Accordingly, I propose no changes to the compensation package for bargaining unit employees other than those changes jointly agreed to which includes a total wage freeze for the first year of the Agreement.

Issue No. 2: Appendix B, Fringe Benefits, Section 1: Medical Insurance.

Current Status. Currently, bargaining unit employees enjoy a very comprehensive and generous medical insurance plan. However, the District, needing to wipe out the eight-four thousand dollar (\$84,000.00) funding shortfall, has only very few places where it can make substantive cuts to address the funding debacle. Health insurance is one of those places. The District has taken the initiative in negotiations with its professional bargaining unit to continue to provide health care coverage, just not the “Cadillac” coverage that its employees have enjoyed in the past. The Association does not wish to see its members lose benefits, but realizes it must be a team player in these tough economic times, and has proposed to accept some lesser benefits for members in health care insurance.

Position of the Parties.

The **Association** contends that the bargaining unit employees already suffer from low wages to the point where the proposed increases in premium costs, deductibles, and co-pays will severely adversely affect them financially. Under the District’s proposals, bargaining unit employees will likely see about a one-hundred and thirty dollar (\$130) increase in cost per employee each pay check thus drastically reducing their spendable income. The Association also contends that with the other initiatives in place, the funding shortfall is manageable and does not require such drastic measures. The Association proposes that the non-professional bargaining unit employees be given the same reduced plan as the professionals were placed on following their negotiations. This will result in in-Network deductibles of \$150/person and \$300/family whereas none were required in prior Agreements. Also, there will be an increase in co-pays for office visits, for prescription drugs, and for diagnostic procedures, and even higher out-of-Network care deductibles and coinsurance, all of which will help to offset the funding shortfall indirectly.

The **District** opines that it has very limited means of addressing funding shortfalls, and that one important method is that of reducing health insurance costs for the District. It has already done so in the professional unit and has trimmed costs there dramatically. It is necessary to significantly trim costs in the non-professional bargaining unit to put the District on a solid financial footing. The District has put forth a plan dramatically changing the medical insurance provisions for bargaining unit members. In fact it has proposed a two-tier approach. It proposes to put the non-cafeteria employees on a health insurance program that is essentially the same as the health insurance plan for the employees of the professional bargaining unit, but still a significant decrease in coverage and increase in co-pays and deductibles. Additionally, the District will cover 100% of the premium of the employee but only 75% of the premium for dependents. However, the second tier is for the four (4) food service employees. It will have 100% premium coverage for employees but no premium payments for dependents. Thus, the employee will have to pay the full share for dependent coverage, and all four employees in the bargaining unit have dependents.

Discussion. First, I am impressed with the vigor that the District has shown in searching out opportunities for cost cutting. Board members met with the Secretary of Education to share their concerns and show how the District was attempting to cut costs. Some of the measures included reduction of staff, salary freezes, redesigning insurance plans, furloughing teachers, reducing team supplies and eliminating field trips, instituting parking fees for student drivers, reducing labor hours, delaying technology purchases, and raising real estate taxes to the maximum allowable under ACT 1. These cuts have produced good effects. Viewing the cafeteria income statements alone, where there is normally a net loss for food service operations, there is, as of March 2012, almost a ten thousand dollar (\$10,000.00) net profit. Additionally, one of the four full-time food service workers opted out of the District’s health insurance saving the District even more money. Also, three bargaining unit employees left the District and were not replaced saving even more money for the District. All of the above is what transpired in only the food service arena. Thus, food service, in my opinion, is taking its share of hits to reduce the funding shortfall. Those full-time bargaining unit employees were not the cause of the funding shortfall and cannot, in fairness to them, shoulder a disproportionate share of the funding burden. When they were hired, they, like all other District employees, were given excellent health care insurance coverage. Now they are being asked to give back more than anyone else – with a larger deductible than either the

teachers or the other non-cafeteria employees and no dependent coverage paid by the District. I believe this is patently unfair to the three food service employees now using the District's health care insurance.

Recommendation. I recommend, consistent with the District's longstanding policy of providing equal coverage to non-professional and professional bargaining unit employees, that the health care plan provided to the professional employees be adopted, in kind, for the non-professional bargaining unit. However, that also means that in the third year of the Agreement (2013-2014), the in-Network deductible being raised to \$250 per Person/\$500 per Family, effective January 1, 2014.

Issue No. 3: Appendix B, Fringe Benefits. Section 9: Part-time Employee Purchase of Benefits.

Current Status. The issue here is less a dispute on part-time employees purchasing fringe benefits such as health insurance, vision insurance, etc. and more on the determination as to what constitutes a part-time employee. Currently, part-time employees are employees who work four (4) hours per day or less (essentially 20 hours or less per week). The District desires to alter that definition; the Association desires to keep it status quo. On the part of the Association it raises a concern that the District may take current full time bargaining unit employees such as the food service employees who are currently scheduled for a seven hour day (35 hours per week), which is comprised of 6 ¼ hours working time, ½ hour paid lunch, and ¼ hour paid break and reduce their schedule to less than 35 hours per week. The Association is concerned that the District will compress their workday to the point where these full-time employees fall under the definition of part-time and will then lose their District-paid benefits and have to purchase those benefits on their own as do other part-time employees.

Position of the Parties.

The **Association** raised a concern that the proposed change by the District may cause current full-time employees to be re-classified as part-time by the board making small but significant changes to the work schedule of bargaining unit employees. If the District schedules employees to work only six (6) or six and a half (6.5) hours per day, they will no longer be considered or treated as full-time employees (drop below 35 hours per week) under the District's proposed new definition and will lose many of their fringe benefits as full-time employees. The Association views this as a serious diminution of benefits. Thus, it desires to maintain the current language of the Agreement, i.e. that a part-time employee is defined as one working four hours or less per day.

The **District** contends the definition of part time for employees should no longer be 4 hours or less work per day, but should be changed to reflect thirty-five (35) hours, or less per week. Currently there are full-time employees on the cafeteria, maintenance and custodial staffs, with the cafeteria employees working the shortest number of hours per week (35 hours per week). Right now, the District is having difficulty bridging the gap between breakfast and lunch. If it had greater flexibility to schedule employees it might be able to stretch the hours of the part time employees (without making them full-time) and thereby be able to use only one part-time employee to work both breakfast and lunch – rather than the current practice of using two part-time employees for these tasks. The District is not motivated to reduce the hours of the current full-time employees or cause them to become part-time employees.

Discussion. I believe the District is sincerely looking at the matter as a way to legitimately stretch its scarce resources so that one part-time employee can take the place of two and serve both the breakfast and lunch crowd. However, to protect the Association's interest, I would recommend a caveat be inserted into the language of the current Agreement to contractually protect the full-time bargaining unit employees from being reduced to part-time employment.

Recommendation. That the last sentence of Appendix A, Section 9 be changed to read as follows and that two additional sentences be inserted as reflected below:

Part-time employees, for purposes of this agreement, shall be defined as anyone employed who works five and one-half (5 ½) hours or less per day on a regularly scheduled basis. No current full-time employee in the bargaining unit will be involuntarily reduced in scheduled hours so as to meet the definition of a part-time employee. If a full-time

employee is involuntarily reduced in hours to less than 5 ½ hours per day on a regular basis, he/she will still be considered a full-time employee for purposes of purchase of benefits.

Issue No. 4: Appendix A, Wages.

Current Status. The parties have reached agreement on proposed wages for bargaining unit members. The wage agreement is reiterated in the attached Appendix A. Appendix A also contains the agreed upon Salary Schedule (as far as can be determined at this time) along with the appropriate Salary Step Placement Charts.

ALL OTHER MATTERS

Any other matters not previously agreed upon or specifically addressed herein are recommended to be withdrawn. Any agreements mutually made prior to the date of this Report that are not specifically addressed in this Report are recommended to be included, as agreed upon, in the Agreement.

W. W. Lowe

William W. Lowe
Fact Finder

Dated: April 27, 2012
Red Lion, Pennsylvania

Appendix “A-1”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

2011-2014 WAGES

- A. For the 2011-2012 school year, employees covered by this agreement shall be compensated in each year of the agreement as per the following salary schedules.
- B. For the 2012-2013 and 2013-2014 school years, employees’ increase in salary shall be determined by the average of the Homer-Center Act 1 Funding Increase and the Homer-Center Basic Education Funding Increase for that year. In no event shall the employees’ increase be less than two percent (2%) or more than four percent (4%). The District agrees to provide the average and supporting documents as soon as practicable after publication. Once the average of the Homer-Center Act 1 Funding Increase and the Homer-Center Basic Education Funding Increase is determined, the Association shall create the salary schedules to be attached and binding to this Agreement.

The matrix to be used as for the basis for developing the 2012-2013 salary schedules shall be the matrix used to develop the 2011-2012 salary scale.

Appendix “A-1”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

2011-2014 WAGES

CAFETERIA EMPLOYEES

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$9.31	1		1	
2	\$9.45	2		2	
3	\$9.55	3		3	
4	\$9.65	4		4	
5	\$9.79	5		5	
6	\$9.93	6		6	
7	\$10.08	7		7	
8	\$10.23	8		8	
9	\$10.38	9		9	
10	\$10.53	10		10	
11	\$13.15	11		11	

CLEANER EMPLOYEES

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$8.78	1		1	
2	\$8.93	2		2	
3	\$9.03	3		3	
4	\$9.22	4		4	
5	\$9.41	5		5	
6	\$10.75	6		6	

Appendix “A-1”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

2011-2014 WAGES

CUSTODIAL EMPLOYEES

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$9.75	1		1	
2	\$9.85	2		2	
3	\$9.95	3		3	
4	\$10.05	4		4	
5	\$13.20	5		5	

HEAD CUSTODIANS

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$12.38	1		1	
2	\$12.48	2		2	
3	\$12.58	3		3	
4	\$12.68	4		4	
5	\$12.78	5		5	
6	\$14.85	6		6	

LICENSED PRACTICAL NURSE

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$13.39	1		1	
2	\$14.12	2		2	
3	\$14.42	3		3	
4	\$14.72	4		4	
5	\$15.02	5		5	
6	\$15.32	6		6	
7	\$15.62	7		7	
8	\$15.92	8		8	

Appendix “A-1”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

2011-2014 WAGES

MAINTENANCE EMPLOYEES

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$13.45	1		1	
2	\$13.55	2		2	
3	\$13.65	3		3	
4	\$13.75	4		4	
5	\$13.85	5		5	

SECRETARIAL EMPLOYEES

Step	2011-2012 Hourly Rate	Step	2012-2013 Hourly Rate	Step	2013-2014 Hourly Rate
1	\$10.79	1		1	
2	\$10.94	2		2	
3	\$11.09	3		3	
4	\$11.24	4		4	
5	\$11.43	5		5	

Appendix “A-2”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

SALARY SCHEDULE STEP PLACEMENT CHARTS

Cafeteria Employees:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	6
4	5	6	7
5	6	7	8
6	7	8	9
7	8	9	10
8	9	10	11
9	10	11	11
10	11	11	11
11	11	11	11

Cleaner Employees:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	6
4	5	6	6
5	6	6	6
6	6	6	6

Appendix “A-2”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

SALARY SCHEDULE STEP PLACEMENT CHARTS

Custodial Employees:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	5
4	5	5	5
5	5	5	5

Head Custodian:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	6
4	5	6	6
5	6	6	6
6	6	6	6

Appendix “A-2”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

SALARY SCHEDULE STEP PLACEMENT CHARTS

Licensed Practical Nurse:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	6
4	5	6	7
5	6	7	8
6	7	8	8
7	8	8	8
8	8	8	8

Maintenance Employees:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	5
4	5	5	5
5	5	5	5

Appendix “A-2”

HOMER-CENTER EDUCATIONAL SUPPORT PROFESSIONALS

SALARY SCHEDULE STEP PLACEMENT CHARTS

Secretarial Employees:

2010-2011 Step	2011-2012 Step	2012-2013 Step	2013-2014 Step
			1
		1	2
	1	2	3
1	2	3	4
2	3	4	5
3	4	5	5
4	5	5	5
5	5	5	5