

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LABOR RELATIONS BOARD

In the Matter of Fact-Finding Between :
LEHIGHTON AREA SCHOOL DISTRICT : Case No.
- and - : ACT 88-12-36-E
LEHIGHTON AREA EDUCATION ASSOCIATION :

REPORT AND RECOMMENDATIONS
FACT FINDER: MICHAEL W. KRCHNAR, JR.

Appearances:

FOR THE EMPLOYER

Paul Blunt, Esquire
Lehigh Area School District

FOR THE ASSOCIATION

Charles Shaffer
PSEA UniServ Representative

BACKGROUND

Pursuant to Act 88 of 1992 and the Public Employee Relations Act ["Act 195"] the undersigned was appointed by the Pennsylvania Labor Relations Board ["PLRB"] on November 27, 2012, as the Fact Finder in the impasse between the Lehigh Area School District ["Employer or District"] and the Lehigh Area Education Association ["Association"], PSEA/NEA.

In accordance with the PLRB's Order of November 27, 2012, the Parties filed with the Fact Finder written statements of the issues in dispute. An informal conference was held December 13, 2012, at which time five (5) issues were identified as in dispute. On December 20, 2012, a formal hearing was held at the Lehigh Area School District Administrative Office in Lehigh, Pennsylvania. At this hearing both Parties were afforded a full opportunity to present testimony, examine and cross-examine that testimony, introduce documentary evidence and argue orally in support of their respective positions.

The Fact Finder commends both Parties for their professional and courteous presentations in a difficult situation. The positions of the Parties were clearly articulated and the documentation presented was informative.

The recommendations, which follow, constitute the settlement proposal upon which the Parties are now required to act, as directed by statute and PLRB regulations. Pursuant to statutory authority, the 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 PLRB of their decision to accept or reject the recommendations.

ISSUES

The District and Association have identified the following issues as remaining in dispute between the Parties at the time of fact finding:

1. Salary
 - a. General Pay Increases
 - b. Longevity
2. Healthcare
 - a. Premium Contribution
 - b. Prescription Co-pays
3. Extra Duty/Co-Curricular
4. Retirement Benefits

5. Term of Agreement

These issues will be discussed in detail in the following section. Similar issues may be discussed together where appropriate.

Two factors must be noted at the outset. First and most importantly, the specific recommendations made in this Report, although discussed separately, were made only after consideration of all the issues present at fact finding and their total, combined impact upon both Parties.

Second, in some instances when a Party has proposed adding a new provision to or deleting a provision from the status quo, recommendations have been made with little or no discussion. This is expressly intended to indicate only that the proposals being addressed are not being recommended at this time as part of the overall agreement and not to negate the rationales or concerns expressed by the Party offering them. Some of these issues might very well be appropriate for informal discussions between the Parties and/or bargaining for future agreements.

DISCUSSION AND RECOMMENDATIONS

Issue No. 1: Salary

A. General Pay Increase

The Association is proposing in year 2012-2013 step and column movement for one-half the school year, beginning mid-year. They contend this would be approximately a 1.01% increase to the base. In years 2013-2014 and 2014-2015 they propose step and column movement plus a 5% improvement to the salary schedule to be distributed by mutual agreement. The District is seeking a total wage freeze in years 2012-2013 and 2013-2014 and proposes a step movement only in years 2014-2015 and 2015-2016, which would be approximately a 2.02% and 2.11% increase respectively.

B. Longevity

The current agreement provides for years of service salary increases for professional employees who reach 20, 25, and 30 years of service. A professional employee who reaches 20 years of service gets \$200 added to the salary schedule, 25 years of service gets \$300 added and 30 years of services gets \$400 added. The Association purposes to increase these amounts as per the following: 20 years - \$300; 25 years - \$600 and 30 years - \$900, with one-half of the payment being made for school year 2012-2013. By contrast the District is seeking to eliminate totally any longevity payments from the collective bargaining agreement.

Discussion and Recommendation

While the District and Association made impressive and very informative presentations on the financial situation of the District it can only be concluded that the District is neither wealthy nor poor. They seem to fall somewhere in the middle when compared to other Districts in the county, as exhibited by the District's salary schedule. The District's Fund Balance is above what is normally carried from year to year. As pointed out, this is due to the Business Manager's careful planning and saving in anticipation of some major expenditures looming over the next several years. The District will undertake some major capitol projects to repair several buildings, which could cost upwards of 50 million dollars and will have to borrow money to complete these projects. In addition, the PSERS contribution and the rising healthcare costs will deplete the Fund Balance. Given the District's Index for fiscal year 2013-2014 of 2.3% it is clear that it would be a stretch for the District to fund the Association's proposal. However, that does not mean that an alternative proposal which would maintain the Association's position in the county, continue the current salary schedule and compensate employees at or near the current 2.2% inflation rate over the contract period is not possible. The following four year salary proposal is made and recommended in an effort to address the concerns of the Parties in these down economic times:

Year 1: 2012-2013	0% (No step or column movement)
Year 2: 2013-2014	Step movement only (No column movement)
Year 3: 2014-2015	Step movement plus 1% added to the schedule (No column movement)
Year 4: 2015-2016	Step movement plus 1% added to the schedule (No column movement)

(The one (1) percent shall be added to each cell of the salary schedule)

In addition, it is recommended that the Longevity provision continue as it currently exists or remain status quo with no changes.

The salary schedules, which reflect the above referenced recommendation, are contained in Appendix A of this Report.

Issue No. 2: Healthcare

A. Premium Contribution

The Association is proposing no change from the current contribution rate, which is as follows:

Single	1%	of the average Bachelor Salary
Married Couple	1.2%	of the average Bachelor Salary
Family	1.3%	of the average Bachelor Salary

The District proposes to change both the rate and the criteria as per the following:

Single	1.5%	of all employees' PSERS eligible compensation
Dependent	2.0%	of all employees' PSERS eligible compensation

B. Prescription Co-pays

The District is not seeking to change the status quo, which is:

	Tier I	Tier II	Tier III
Retail (30 day supply)	\$15	\$35	\$60
Specialty	\$15	\$35	\$60
90-day (mail order)	\$30	\$65	\$90

The Association proposes a reduction in co-pay amounts as per the following:

	Tier I	Tier II	Tier III
Retail (30 day supply)	\$10	\$20	\$40
Specialty	\$10	\$20	\$40
90-day (mail order or participating pharmacy)	\$20	\$40	\$80

Discussion and Recommendation

The cost of healthcare continues to be a major budgetary item for both the District and employees, who are required to contribute toward their coverage through co-pays and premium share. However, the fact remains that this cost is part of the employee's overall compensation package. As such, it should be considered in conjunction with the employee's wage package and other financial benefits. In the instant case, the District's costs are projected to rise over the next few years approximately thirty (30) percent. There is no easy way to solve these rising costs and it would be unfair to put the total burden on one Party or the other.

Recommendation

During the first three (3) years of the new agreement the Parties maintain the current contribution rates (status quo). However, in the fourth school year, 2015-2016 increase the rates only as per the following:

Single	1.25%	of the average Bachelor Salary
Married Couple	1.5%	of the average Bachelor Salary
Family	1.75%	of the average Bachelor Salary

In addition, continue the current co-pay amounts for the life of the new agreement.

Issue No. 3: Extra Duty/Co-Curricular

At the present time the schedule for Extra Duty/Co-Curricular compensation is contained in the collective bargaining agreement. The Association is proposing to increase each stipend by 1.5% in year 2013-2014 and again in 2014-2015. The District does not want the bargaining process slowed down by this issue and suggests that it be dealt with outside the normal bargaining process.

Discussion and Recommendation

Since this issue is not a mandatory subject of bargaining many School Districts and their Professional staff do deal with this item outside the normal bargaining process so it does not impede a resolution of the more critical issues. As a result, I would recommend that the Parties designate two or three individuals from each side who are familiar with this issue, to work outside of the bargaining process and make a recommendation on compensation and positions for adoption. The Parties may include these recommendations in the agreement or via side-letter whichever the Parties deem appropriate.

Issue No. 4: Retirement Benefits

Currently Professional employees receive one hundred (\$100) dollars per unused sick and personal days upon retirement. The District is proposing to eliminate this benefit. The Association wants to maintain this provision.

Discussion and Recommendation

This item is economic and can have a considerable cost associated to it in any given year. Clearly, the way this provision is written and administered it was not intended to be a retirement incentive, but rather a severance benefit. This benefit has been the practice for some time in the District and most Professional employees have or will calculate this benefit into their decision when and if to retire. It might be somewhat unfair to abolish this benefit at this time, especially for those who have 25 or more years of service and were, in good faith, counting on this benefit. Therefore, I would recommend that the Parties maintain the status quo over the life of the new agreement.

Issue No. 5: Term of Agreement

The District is seeking a four (4) year contract. The Association is proposing a three (3) year agreement.

Discussion and Recommendation

The District contends that a four year contract will help them better know what their costs will be over the next four year period. They claim this will be helpful due to the fact that they have some major expenditures occurring over the next several years. The Association does not oppose a four year contract if they make some economic gains during that period. I recommend that a four year contract be adopted from September 1, 2012 to August 31, 2016.

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.

SUMMARY

I believe the recommendations contained herein represent a reasonable, acceptable compromise to the outstanding issues, and I urge the Parties to take serious, thoughtful consideration to my recommendations as a whole and not focus on one issue but rather evaluate the total Report. I direct the Parties' attention to my cover letter, which outlines their responsibilities to notify the Pennsylvania Labor Relations Board of their acceptance or rejection of this Report.

Dated: _____

Harrisburg, Pennsylvania

Michael W. Krchnar, Jr.
Fact Finder

APPENDIX A

**Lehighton SD
Salary Schedule
2012-2013**

STEP	BS	MS	MS+15	MS+30	MS+45
1	37,604	38,429	39,254	40,079	40,904
2	38,716	39,541	40,366	41,191	42,016
3	39,823	40,648	41,473	42,298	43,123
4	40,830	41,655	42,480	43,305	44,130
5	41,837	42,662	43,487	44,312	45,137
6	42,894	43,719	44,544	45,369	46,194
7	44,101	44,926	45,751	46,576	47,401
8	45,108	45,933	46,758	47,583	48,408
9	46,215	47,040	47,865	48,690	49,515
10	48,022	48,847	49,672	50,497	51,322
11	49,465	50,290	51,115	51,940	52,765
12	50,572	51,397	52,222	53,047	53,872
13	52,422	53,247	54,072	54,897	55,722
14	54,228	55,053	55,878	56,703	57,528
15	55,228	56,053	56,878	57,703	58,528
16	56,228	57,053	57,878	58,703	59,528
17	57,228	58,053	58,878	59,703	60,528
18	58,228	59,053	59,878	60,703	61,528
19	59,228	60,053	60,878	61,703	62,528
20	60,428	61,253	62,078	62,903	63,728
21	61,728	62,553	63,378	64,203	65,028
22	62,938	63,763	64,588	65,413	66,238
23	63,938	64,763	65,588	66,413	67,238
24	67,788	68,613	69,438	70,263	71,088

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**Lehigh SD
Salary Schedule
2013-2014**

STEP	BS	MS	MS+15	MS+30	MS+45
1	37,604	38,429	39,254	40,079	40,904
2	38,716	39,541	40,366	41,191	42,016
3	39,823	40,648	41,473	42,298	43,123
4	40,830	41,655	42,480	43,305	44,130
5	41,837	42,662	43,487	44,312	45,137
6	42,894	43,719	44,544	45,369	46,194
7	44,101	44,926	45,751	46,576	47,401
8	45,108	45,933	46,758	47,583	48,408
9	46,215	47,040	47,865	48,690	49,515
10	48,022	48,847	49,672	50,497	51,322
11	49,465	50,290	51,115	51,940	52,765
12	50,572	51,397	52,222	53,047	53,872
13	52,422	53,247	54,072	54,897	55,722
14	54,228	55,053	55,878	56,703	57,528
15	55,228	56,053	56,878	57,703	58,528
16	56,228	57,053	57,878	58,703	59,528
17	57,228	58,053	58,878	59,703	60,528
18	58,228	59,053	59,878	60,703	61,528
19	59,228	60,053	60,878	61,703	62,528
20	60,428	61,253	62,078	62,903	63,728
21	61,728	62,553	63,378	64,203	65,028
22	62,938	63,763	64,588	65,413	66,238
23	63,938	64,763	65,588	66,413	67,238
24	67,788	68,613	69,438	70,263	71,088

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<p>Lehigh SD Salary Schedule 2014-2015</p>

STEP	BS	MS	MS+15	MS+30	MS+45
1	37,980	38,813	39,647	40,480	41,313
2	39,103	39,936	40,770	41,603	42,436
3	40,221	41,054	41,888	42,721	43,554
4	41,238	42,072	42,905	43,738	44,571
5	42,255	43,089	43,922	44,755	45,588
6	43,323	44,156	44,989	45,823	46,656
7	44,542	45,375	46,209	47,042	47,875
8	45,559	46,392	47,226	48,059	48,892
9	46,677	47,510	48,344	49,177	50,010
10	48,502	49,335	50,169	51,002	51,835
11	49,960	50,793	51,626	52,459	53,293
12	51,078	51,911	52,744	53,577	54,411
13	52,946	53,779	54,613	55,446	56,279
14	54,770	55,604	56,437	57,270	58,103
15	55,780	56,614	57,447	58,280	59,113
16	56,790	57,624	58,457	59,290	60,123
17	57,800	58,634	59,467	60,300	61,133
18	58,810	59,644	60,477	61,310	62,143
19	59,820	60,654	61,487	62,320	63,153
20	61,032	61,866	62,699	63,532	64,365
21	62,345	63,179	64,012	64,845	65,678
22	63,567	64,401	65,234	66,067	66,900
23	64,577	65,411	66,244	67,077	67,910
24	68,466	69,299	70,132	70,966	71,799

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<p>Lehigh SD Salary Schedule 2015-2016</p>

STEP	BS	MS	MS+15	MS+30	MS+45
1	38,360	39,201	40,043	40,885	41,726
2	39,494	40,336	41,177	42,019	42,861
3	40,623	41,465	42,307	43,148	43,990
4	41,651	42,492	43,334	44,175	45,017
5	42,678	43,520	44,361	45,203	46,044
6	43,756	44,598	45,439	46,281	47,122
7	44,987	45,829	46,671	47,512	48,354
8	46,015	46,856	47,698	48,539	49,381
9	47,144	47,986	48,827	49,669	50,510
10	48,987	49,829	50,670	51,512	52,354
11	50,459	51,301	52,142	52,984	53,826
12	51,588	52,430	53,272	54,113	54,955
13	53,476	54,317	55,159	56,000	56,842
14	55,318	56,160	57,001	57,843	58,684
15	56,338	57,180	58,021	58,863	59,704
16	57,358	58,200	59,041	59,883	60,725
17	58,378	59,220	60,061	60,903	61,745
18	59,398	60,240	61,082	61,923	62,765
19	60,418	61,260	62,102	62,943	63,785
20	61,643	62,484	63,326	64,167	65,009
21	62,969	63,810	64,652	65,493	66,335
22	64,203	65,045	65,886	66,728	67,569
23	65,223	66,065	66,906	67,748	68,589
24	69,151	69,992	70,834	71,675	72,517