COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LABOR RELATIONS BOARD

IN THE MATTER OF THE EMPLOYEES OF	:	
	:	**ACT 88-16-2-E**
WEST SHORE SCHOOL DISTRICT	:	

REPORT AND RECOMMENDATIONS

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BACKGROUND

Pursuant to Act 88 of 1992 (Act 88) and the Public Employe Relations Act (PERA), the undersigned was appointed by the Pennsylvania Labor Relations Board (PLRB) on February 16, 2016 as the Fact Finder in the impasse between the West Shore School District [hereinafter School District] and the West Shore Education Association, PSEA/NEA [hereinafter Association].

In accordance with the PLRB's Order of February 16, 2016, both parties filed with the Fact Finder written statements of the issues in dispute.

A Fact Finding was held at the West Shore School District's Administration Center on March 21, 2016, at which time both Parties were afforded a full opportunity to present testimony, examine and cross-examine witnesses, introduce documentary evidence, and argue orally in support of their respective positions regarding the issues in dispute. Both sides made professional and courteous presentations to the Fact Finder.

The following recommendations constitute the settlement proposal upon which the Parties are now required to act, as directed by statute and PLRB 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 rationale in support of the recommendations, 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 Fact Finder has made recommendations on the following issues which remain in dispute:

1. Article IX – Wages and Working Conditions Section 9.00 Classifications and Rates of Pay

2. Article X – Insurance and/or Self-Insured Benefits Section 10.00 Medical/Hospital

   A. Plan Design
   B. Spousal Eligibility and Opt-out Stipend
   C. Excise Tax
   D. Wellness Program
   E. Categories of Benefits

3. Article XVII – Term

OVERVIEW AND BARGAINING HISTORY

This Bargaining Unit is a part of Intermediate Unit 15 (IU 15) and consists of approximately 559 professionals including teachers, counselors, home and school visitors, librarians, school psychologists and senior teachers employed by the School District, but excluding all instructional coordinators, supervisors, first level supervisors and confidential employees as defined in the Public Employee Relations Act. The Bargaining Agent is the West Shore Education Association, an affiliate of the Pennsylvania State Education Association and the National Education Association.

The prior collective bargaining agreement began in the 2010-11 school year and expired August 31, 2014 [hereinafter CBA], but the parties continued to work under the terms and conditions of this expired contract while bargaining on a successor agreement. The parties met 18 times in an effort to reach an agreement, including sessions with the Mediator. When these efforts were unsuccessful, the Association requested Fact Finding. The undersigned Fact Finder was appointed February 16, 2016 and makes the following recommendations.

FACT-FINDER'S DISCUSSION AND RECOMMENDATIONS

ARTICLE IX – Wages and Working Conditions Section 9.00 Classifications and Rates of Pay

Current Agreement

Article IX 9.00 can be found beginning on page 17 of the 2010-2014 Collective Bargaining Agreement. The salary schedules are found in Appendix D of the 20110-2014 Collective Bargaining Agreement. Currently, the salary schedule has 20 steps and 6 columns (Bachelors, Bachelors + 15, Masters, Masters + 15, Masters + 30 and Doctorate).

The current starting salary is $49,325 at Step 1 with a Bachelor's Degree and the maximum salary at Step 20 with a Doctorate is $82,918.

Association Proposal

The Association has offered to accept a salary and step freeze in the 2014-2015 school year. For the 2015-2016, 2016-2017 and 2017-2018 school years, the Association is proposing in each year a 2.8% increase, inclusive of step movement. The Association proposes that such increase for 2015-2016 be fully retroactive to the start of the school year. The Association also proposes the addition of a Masters +40 column, Masters +50 column and the retitling of the PhD column to Masters +60/PhD with each such column changes being effective for the 2015-2016 school year.

School District Proposal

2014-15: Salary Freeze

2015-16: Step movement only in 2015-16, at an additional cost of approximately 1.37% plus the ancillary costs related to FICA and PSERS.

2016-17: A comprehensive restructuring of the current salary schedule to reduce starting salaries, increase salaries in those places where School District salaries are below the average for the market, and bring steps more into alignment with years of service, thus shortening the length of time required for teachers to reach the maximum salary levels. The School District's proposal would compact the schedule to nineteen (19) steps and result in additional costs of approximately 2.03%, plus the additional ancillary costs of FICA and PSERS.

2017-18: A further implementation of the restructuring as referenced above, in pursuit of the same strategic objectives, compact the schedule to eighteen (18) steps, and result in additional costs of approximately 2.52%, plus the additional ancillary costs of FICA and PSERS.

Under the restructured schedules, no current employee would have his or her current salary reduced.

Fact Finder's Recommendation

The School District has the duty to provide for the maintenance and support of a thorough and efficient system of public education. It is also charged with fiscal responsibility to the taxpayers of the community. With respect to salaries, its primary goal is to begin a process which ultimately provides for reasonably competitive salaries at all steps and across all columns of the salary schedule.

The School District presented evidence, which the Association does not deny, that it has prudently managed its funds. Costs for salaries and benefits for staff must compete with other needs such as improvements to its facilities, contributions toward pensions, and technological improvements. All of this must be done with sensitivity to the ability of School District residents to provide money through taxes.

Understandably, salary costs must be reasonably contained. The total compensation for members of this bargaining unit has increased significantly in each of the years of the prior contract. The School District has presented evidence that expenditures for classroom instruction represent a higher percentage of overall budget than in comparable districts. For example, this District utilizes

52.47% of its operating budget on salaries and benefits, more than any other neighboring district. Mechanicsburg is the closest at 51.62%. Cumberland Valley uses 43.76%. Carlisle is the lowest at 42.23%

When competing for teachers, this School District has established starting salaries which are attractive to new hires. Starting salaries at West Shore are the highest when compared to other school districts in IU 15, which include Big Spring, Camp Hill, Carlisle, Central Dauphin, Cumberland Valley, Hershey (Derry Township), East Pennsboro, Greenwood, Halifax, Harrisburg, Lower Dauphin, Mechanicsburg, Middletown, Millersburg, Newport, Northern York, Shippensburg, South Middleton, Steelton-Highspire, Susquehanna Township, Susquenita, Upper Dauphin, and West Perry. While the salaries for new hires are more than competitive, a significant downside to the present salary schedule is that those salaries provided to teachers with 10 to 20 years of experience are not as comparable and, in some cases, these teachers are paid even less than the average in comparable districts. In addition, with twenty salary steps, it takes longer for a School District teacher to reach the maximum step than in other neighboring districts.

To the Parties' credit, both have agreed to a salary freeze for the first year of the contract. The School District has proposed more modest increases through the remaining three years of the contract and has presented significant detail regarding the comparison of salaries throughout the salary schedule. Notably, there is more of a disparity between years of experience and step placement on the School District schedule. Starting salaries across the entire schedule are higher than market and wages paid at the maximum step are also ahead of the market. However, the School District has identified a disparity between years of experience and step placement which has contributed, it believes, to a morale problem. This issue is magnified when considering that the School District's 20-steps is greater than the average of just over 17 in comparable districts.

The School District is persuasive in its arguments that it has postponed needed investments in capital improvements and that its need for these capital expenditures must be recognized in setting any salary increases for members of this bargaining unit. Pressing capital improvement needs include upgrading to energy efficient HVAC systems, expenditures for technology improvements which have been largely ignored, and, of course, the need to ensure that taxes do not exceed the ability of residents to pay. The impact of the recent recession, including little or no growth in the wages of residents along with high rates of unemployment and mortgage foreclosure, make it very difficult for the School District to raise taxes. The School Board emphasizes that it must focus on long-term financial stability for the mutual benefit of students, taxpayers, and employees.

While having significant need for capital improvements, the School District spends the lowest percentage of budget on these projects, deemed to be "debt service." West Shore School District's percentage of the budget is 7.85% for debt service while comparator districts such as Mechanicsburg spends 9.21%, Camp Hill spends 8.08%, and East Pennsboro spends 11.39%.

In this district, the 5-year median household income is $60,619 as compared with the average for the rest of those districts in IU 15 of $57, 771. The School District should be commended for maintaining tax-related revenue at a percentage less than the average for the rest of IU 15.

The Association has presented evidence that negotiated increases over the last three Collective Bargaining Agreements, since 2003, have not kept pace with inflation. This is particularly true for salaries at the top of the salary schedule and the Association notes that its salary proposals would make little progress toward offsetting the loss in purchasing power at the top of the salary schedule. The Association agrees that at the beginning of the schedule are the highest in the IU comparison group. It also notes that largely because of the reduction in bargaining unit members from approximately 670 in 2010 to approximately 560 in 2014, the actual versus predicted salary cost has been much lower by about $200,000. According to the Association's figures, over the last three contracts, the West Shore School District overestimated bargaining unit costs by an average of $1.2 million per year. Both salaries and benefits came in well under budget in 2014-2015. The variance in salaries from the 2014 budgeted amounts was approximately $900,000 and slightly over $3 million with respect to benefit costs.

West Shore has commendably built a balance in its general fund of approximately $15 million by the end of 2015, the equivalent of 15.6% of its total expenditures. No one can deny that comfortable fund balances are necessary primarily because of significant expected increases in pension costs. When comparing core expenditures (compensation, payments for educating students elsewhere such as charter schools, maintenance, transportation, and debt service) with core revenues (local taxes plus state and federal funding), there has been a faster growth in core revenue and a slower growth in core spending.

The School District saw an increase in assessed value of property which helped to restore some revenue growth, ran unexpectedly large surpluses in spite of transferring significant monies to its capital projects fund, and has consistently underestimated its revenue while overestimating its actual salary costs.

Based upon all of the evidence presented, the School District has the financial ability to absorb increased costs in salaries and related costs (such as taxes and pension contributions) without significantly affecting its fund balance needed for future pension contributions and capital improvements, including technology.

The conclusions based upon this Fact Finding are that the School District has been well managed and prudently spends those revenues received by it. Nevertheless, it can afford to provide modest salary increases to ensure that its teachers are adequately compensated and that the School District is able to attract and maintain quality teachers.

The Fact Finder commends the parties for agreeing to a wage freeze in the first year of the contract. Further, the Fact Finder agrees with the Association that the retitling of the PhD column to a "Masters + 60 Credits/PhD" will continue to reward the kind of lifelong learning which is expected of teachers. Even though a teacher may not have achieved the degree, a Masters Degree + 60 additional credits deserves the same reward as an individual attaining the PhD degree. Consequently, this Recommendation will include that requested retitling.

The Fact Finder believes that addressing the flaws in the salary schedule will benefit both parties. In the 2016-2017 school year, the steps will decrease by one step to 19 and similarly in the 2017-2018 school year the steps will decrease again to 18. No staff will experience a decrease in their salary for any year. The initial steps of the salary schedule, namely steps 1 through 4, should be held relatively steady in recognition of the fact that the School District already exceeds all of the comparative school districts in starting salaries.

In addition to step increases, the recommended salary increases are a modest 1% of total salary in each of the years after the wage freeze. Applying the 1% across fewer steps will allow for modest salary increases and the ability to address those salary steps where the West Shore School District has fallen behind in competitiveness.

This recommendation does not mean that each employee will receive a step increase plus an additional 1% increase in his/her salary. The 1% over the prior year's salary costs will be distributed over the entire salary schedule and will cost approximately $800,000 per year for both step increase and recommended 1% salary increase. Some employees will receive considerably less than 1% and some will receive considerably more. The intent is to "straighten out" the salary schedule so that the pay rates remain competitive at the top but that individuals in the middle of the schedule catch up with comparative school districts. Further, the intent is to close up gaps in the steps which have occurred over time.

The Fact Finder recognizes that this Recommendation will not be a perfect solution, but some modest salary increases are warranted in light of the recommended larger contributions by BU members toward health benefits. It is hoped that a redesign of the health plan will allow the School District to stave off some of the sharp increases in health care costs seen over the last several years. Asking the Association members to contribute more for their health care is a first step in recognizing that the School District must be prudent in assessing its needs and distributing its revenue. No longer will collective bargaining automatically result in significant salary and benefit increases.

Recommended New Agreement

2014-15: Salary Freeze (as agreed).

2015-16: Step movement plus 1% spread over the salary schedule with retroactivity to January 1, 2015. Add Masters + 60/PhD in place of PhD only. See salary schedule attached. Retroactivity payment to be made within 30 days of the signing of the Agreement. Approximate cost of 2.39% of total salary.

2016-17: Step movement plus 1% spread over 19 steps of the salary schedule, concentrating on those steps which have become non-competitive, with retroactivity to January 1, 2016. Compact the schedule to nineteen (19) steps. See salary schedule attached. Retroactivity payment to be made within 30 days of the signing of the Agreement. Approximate cost of 2.43% of total salary.

2017-18: Step movement plus 1% spread over 18 steps of the salary schedule. Compact the schedule to eighteen (18) steps. See salary scheduled attached. Approximate cost of 2.48% of total salary.
ARTICLE X – Insurance and/or Self-Insured Benefits Section 10.00

A. Plan Design

Current Agreement

Except as otherwise provided in this Agreement, in each of the four years of this Agreement, the School District shall provide the same or substantially the same plan of medical benefits for Employees as was provided in the 2009-2010 school year. The plan of benefits shall be subject to the same or substantially the same terms, conditions, limitations and exclusions as existed during the 2009-2010 school year. Without intending to limit or restrict the School District's rights under the foregoing, the following terms and conditions shall apply:

1. During each of the four years of this Agreement, Employees shall have the following options with respect to health care:

   Option 1:

   Premium Share/Employee Cost Sharing: 10.0%
   Medical:
   $250/$500 Deductible
   $20/$20 Co-pay
   Drug:
   $100/$100 Deductible
   $15/$30/$45 Co-pay

   Option 2:

   Premium Share/Employee Cost Sharing: 5.0%
   Medical:
   $500/$1,000 Deductible
   $30/$30 Co-pay
   Drug:
   $100/$100 Deductible
   $20/$40/$60 Co-pay

2. Premium share shall be accomplished through payroll deduction. There shall be direct payments in a timely manner by the Employee where payroll deduction is not available.

Association Proposal

Plan Options – The Association has proposed there be no plan design changes for the 2014-2015 school year nor the 2015-2016 school year. Beginning in the 2016-2017 school year, the Association has offered to allow the introduction of a high deductible plan option similar to that which the Board has proposed but the Association proposes that the high deductible plan be coupled with a health reimbursement arrangement (HRA) instead of the qualified high deductible plan proposed by the Board to be coupled with a health savings account (HSA). Regarding components of the plan, the Association has offered the following:

- HRA High Deductible Health Plan –
  Deductibles: $2,000 (employee only) $4,000 (employee plus one or more family members) and the other provisions as set forth in the Benefits Highlights document as provided by the School District in their 9/10/2015 proposal. The School District shall be responsible for funding 75% of the deductible in an employer funded rollover HRA (employer funds available on Day 1 – no incremental funding).
  Premiums: The employee's share of the premium cost shall be 5% if participating in the Wellness Program (as proposed by the WSSD in their 9/10/2015 proposal). If the employee does not enroll in the Wellness Program, the employee's share of the premium cost shall be 8%.

As for the PPO Plan, the Association has also indicated a willingness to make changes to the plan design in order to address concerns over health insurance costs. Specifically, the Association has suggested the following:

- PPO Plan –
  Copays increase to $35/$35 (specialist)
  Urgent care copays increase to $40
  ER copays increase to $100
  Deductibles:
  2016-2017 - $600/$1,200
  2017-2018 - $600/$1,200
  Employee premium share of 10% if participating in the Wellness Program (as proposed by the WSSD in their 9/10/2015 proposal.) If the employee does not enroll in the Wellness Program, the employee's share of the premium cost shall be 13%.
  Prescriptions consistent with the School District's 9/10/2015 proposal
  Out of Pocket Maximums of $4,000 per member/$8,000 per family

School District Proposal

The School District has proposed elimination of the current PPO1 Plan (with $250/$500 deductibles), a new "PPO 600"

Plan to replace what is now the PP02 Plan (with deductibles increased from $500/$1,000 to $600/$1,200), along with other changes. The PPO 600 Plan is similar but not identical to the Association's PPO proposal. Additionally, the School District has proposed a Qualified High Deductible Plan (QHDP) with deductibles of $2,000/$4,000 and an employer contribution to an employee's Health Savings Account (HSA), which would insulate the vast majority of employees from the impact of the higher deductibles.

Fact Finder Recommendation

Considering that healthcare is often the most difficult bargaining issue, the parties are surprisingly similar in their proposals. Both agree to the elimination of the two current health benefit plans, primarily for reasons of cost, and both agree that the current two categories of benefits (single and family) should be replaced with the following five categories of benefits:

1. Employee Only
2. Employee Plus Child
3. Employee Plus Children
4. Employee Plus Spouse
5. Family

The parties also agree to the provision of two plans: a PPO option and a high deductible plan, with strong incentives for participation in Wellness Programs. It is in everyone's interest to encourage wellness activities which will reduce health care costs both in the short and long term. Not surprising, the parties disagree on the employee contributions to these plans, whether or not the high deductible plan includes a health savings account (HSA) or a health reimbursement arrangement (HRA), the provision of health benefits to spouses and the cost of same, and the question of an opt-out stipend for those who do not use the School District's benefits. They also disagree on the effective date of these new plans.

Because the parties are in relative agreement that health benefit plans must address rising health costs, the Fact Finder will not address all of those facts regarding increasing costs and the need for change. It is assumed that everyone understands that healthcare costs must be controlled and that both employers and employees will necessarily feel some pain in addressing these rising costs.

The option of remaining in a PPO plan will be preserved although some changes will be made to the plan design. Generally speaking, the parties also agree on the provision of a high-deductible plan. Both parties agree to encourage the use of a wellness program by reducing the cost for those who participate in this voluntary program. If the employee attempts to protect his/her own health by attending a once-yearly physical and by completing an online personal profile through Capital Blue Cross online, these efforts will be rewarded by reducing the overall cost. The deadline to complete the two tasks would be the first of November of each year in order to receive funding under the high deductible/HSA proposal by January 31 of the upcoming year. PPO employees would avoid the cost increase for the following full year (January 1 through December 31).

The online personal profile is free. The data is HIPAA protected and takes approximately 15 to 20 minutes to complete. Completing any recommended action is not required. The annual physical is fully paid and there is no requirement of passing the physical; only a necessity to verify that the physical has been completed. Spouses must also participate but there is no requirement of participation by children.

The parties agreed to many of the provisions for the PPO 600. The higher co-insurance for specialists, ER visits, and urgent care is to promote the use of the primary care physician rather than the more expensive specialist care. The Fact Finder finds that a 10% cost share when participating in a wellness program and a 13% for failure to do so is a reasonable contribution by the employee for this kind of plan. The cost rises in the last year of the contract to 13.5% for wellness participation and 18.5% for failure to participate. The effective date of January 1 makes the most sense.

A Qualified High Deductible Plan must follow guidelines laid out by the IRS. An annual deductible minimum is set by the IRS and currently is set at $1,300 for an individual and $2,600 for a family. All covered benefits must apply to the deductible, including prescription drugs. Certain preventive care, such as a once-a-year visit to the primary care physician, is covered with no deductible.

Coupled with the Qualified High Deducible plan, the Association proposes an HRA; the School District proposes an HSA. There are significant differences in these two kinds of accounts. An HRA is an arrangement funded by the employer that reimburses qualified medical care expenses. The employee may not contribute to this account. Contributions to the HRA are not taxed; neither are withdrawals. Although there can be more flexibility with HRA's, the amount can be forfeited if the employee leaves employment or obtains health benefits elsewhere.

An HSA is an account owned by the employee and is non-forfeitable at all times. Contributions to the HSA are made with pre-tax dollars by either the employer or the employee (so long as qualified) and can be used as long-term savings. An employee contributing $1,000 into an HSA would save about $25,000 over 20 years, combining the employee share savings and tax savings.

Should the School District employee choose the high deductible plan, the recommended contribution to the HSA by the School District will pay for the deductible entirely during the first year so long as that employee uses the wellness provisions.

This is necessarily a simplification of both kinds of accounts. However, the Fact Finder has rejected the Association's proposal for an HRA in favor of the HSA which has significant benefits to employees. First, monies deposited into the HSA may be used to pay for any qualified medical expense and unused HSA dollars may remain in the account until the employee chooses to use them. The healthcare dollars can include a number of items not directly related to those covered by employer-paid health insurance. If one leaves his current employer, the HSA account is portable, in that the money in that account remains with the leaving employee. The School District will be required to pay the cost of the monthly service fee (if any) that may be charged by the administrator of the HSA account; to the extent there may be other fees associated with the HSA accounts, such fees will be the responsibility of the employee/owner of the account.

With regard to the high deductible plan, wellness participation will provide the full amount of the deductible as contribution to the HSA in the first year to encourage participation and to ease the burden on employees. The employee cost share is recommended at 8% in the first year and 10% in the second year. Again, this gradual increase is designed to ease the burden on Association members while addressing the rising costs. A larger payment by employees is warranted.

The Fact Finder has attempted to weigh wage increases together with increased costs of healthcare. The purpose is to ensure that bargaining unit members contribute to these rising healthcare costs at a rate less than that requested by the School District but higher than that suggested by the Association. These costs begin lower and gradually increase over the life of the contract to allow families to reassess their financial abilities. Without question, participation in the Wellness Program is encouraged and should result in long-term cost savings for the School District.

The Fact Finder recommends two Health Insurance Plans outlined as follows:

1. PPO 600

In-Network – Capital BlueCross and BlueCard:

Deductible	$600 Single/$1,200 Family
Coinsurance	0%
Annual OOP Maximum	$4,000 Individual/$8,000 Family
Office Visit	$35
Specialist	$45
ER	$100 (waived if admitted)
Urgent Care	$50
Retail Rx	$15/$30/$45
Mail Rx	$15/$30/$45
Preventive Care	100% Covered

Employee Cost Share:

2017 - 10% if the employee participates in WSSD's wellness program and 13% if they do not participate.

2018 - 13.5% if the employee participates in WSSD's wellness program and 18.5% if they do not participate.

2. HDHP w/HSA

In-Network – Capital BlueCross and BlueCard:

Deductible	$2,000/$4,000 Deductible

HSA Funding	Year One: $1,500/$3,000 $2,000 w/Wellness/$4,000 w/Wellness Year Two: $1,000/$2,500 $1,800 w/Wellness/$3,600 w/Wellness
Coinsurance	0%
Annual OOP Maximum	$4,000 Individual/$8,000 Family
Office Visit	Covered after deductible
Specialist	Covered after deductible
ER	Covered after deductible
Urgent Care	Covered after deductible
Retail Rx	$15/$30/$45 after deductible
Mail Rx	$15/$30/$45 after deductible
Preventive Care	100% Covered

Employee Cost Share:

1st Year 8%
2nd Year 10%

B. Spousal Eligibility and Opt-out Stipend

Current Agreement

The School District currently provides health benefits to spouses without additional costs, except for the costs associated with "Family" coverage. There is no current opt-out stipend.

Association Proposal

The Association, in order to address the concerns of the School Board regarding insurance costs and providing benefits to spouses who have access to alternate insurance, proposes a spousal surcharge for spouses who work full time and are eligible for benefits through their own employer. The proposed surcharge would be $100 per month paid by the employee in order for the employee's spouse to be maintained on the School District health benefits.

The Association has also proposed a monetary incentive to those who opt-out of benefits from the School District. The proposed opt-out stipend is $2,500 payable in two lump sum installments of $1,250 each, payable on the first pay in December and the first pay in June of the school year. This amount would apply to multi-party health insurance benefits. A single party insurance benefit opt-out would be $1,250 payable in two lump sum installments of $625 each, payable on the first pay in December and the first pay in June of the school year. The Association's proposal includes the requirement of providing proof of health insurance and the ability to change status only upon specified occurrences.

School District Proposal

The School District proposes that effective January 1, 2017, spouses of employees who are employed and are eligible to obtain health benefits under a plan that is compliant with the Affordable Care Act (ACA) through that spouse's employment shall be ineligible to participate in either health plan to be provided by the School District (irrespective of whether the spouse's employer is subject to the ACA). Spouses who are not employed or who are employed but not eligible for qualifying health benefits through that employment shall, along with the employee, complete and sign an Affidavit confirming that the spouse is either: (a) not employed; or (b) employed but not eligible for qualifying health benefits provided by that entity. The Affidavit shall include authorization for the School District to verify any information provided in that Affidavit.

Under the ACA, health benefits are the responsibility of each employee and his/her employer. There is no obligation for any employer even to offer coverage to an employee's spouse, much less pay any portion of the costs. There is no public policy rationale for taxpayers to subsidize the cost of health coverage for the benefit of other employers and their employees. No monetary stipend in lieu of health insurance can be justified.

Fact Finder's Recommendation

For the past four years and extensions of the CBA until the present, the CBA has provided coverage for spouses in the same manner as provided for Association member dependents. Although no specific language exists in the 2010-2014 CBA, there has been no restriction on the eligibility of spouses to be included in School District paid medical benefits for "Family." The School District argues that it should not be required to provide any benefits to employees' spouses because the ACA does not require it to do so. It also contends that the School District taxpayers should not be responsible for the cost of insurance benefits for a spouse who has access to benefits elsewhere. The School District will, however, provide benefits to those spouses who are unable to obtain benefits either from another employer at the ACA level or because they are not employed.

Of the 25 school districts within IU 15, only two districts deny spousal eligibility for medical benefits. The rest of these school districts either have limitations on the employer coverage or allow employees to pay a surcharge to maintain their spouses on health benefits.

The Association argues that it has no way of knowing the potential cost associated with requiring spouses to take insurance benefits offered by that spouse's employer. It does appear that in some instances, the need to pay for spousal medical benefits could significantly reduce the family household income. On the other hand, it is not fair for the School District to bear the complete burden of spousal coverage, especially where spouses could obtain adequate coverage from another employer.

It is certainly true that eligible spouses who opt out of the School District's plan save the School District considerable dollars. The Association points out that of the 25 districts within the IU 15, only three do not have an insurance opt-out stipend. It argues that because the Board wishes to reduce the cost of insurance benefits, eliminating employees from those benefits will necessarily reduce costs. The Association estimates that single insurance contract coverage in 2015-2016 is $9,188.56. The cost for 2-person insurance coverage for the same year is $18,564.17. Even if a modest stipend is paid, substantial savings will result to the School District.

Nevertheless, the Fact Finder has denied any stipend to those who opt out of School District coverage. The Fact Finder sees no reason to reward those who opt out of coverage when there is no legal obligation to provide them with such coverage in the first place. It is the employer of the spouse who should bear this cost if that employer is legally obligated to do so.

Those spouses who elect to be covered by the School District should make a modest payment toward that coverage. The Fact Finder has decided on the $100 per month surcharge recommended by the Association as a compromise toward elimination of spousal coverage. Dental and vision benefits would not be impacted in any way. Spouses will continue to be covered for dental and vision services.

Consequently, because spouses are currently covered and because significant changes will be recommended regarding employee contributions toward health benefits, the Fact Finder recommends the adoption of a $100 per month surcharge for the inclusion of spouses who work full-time and are eligible for benefits through their own employer. A procedure should exist for establishing the status of a spouse and arrangements for when the payment of this $100 per month surcharge will be made.

This surcharge can be implemented quickly and should take effect on July 1, 2016, payable by payroll deduction.

Recommended New Agreement

Effective July 1, 2016, the Employer shall make coverage for medical benefits available to spouses of employees in limited circumstances. Spouses of employees who are employed full-time and through such employment are eligible for employer-provided medical benefits may be covered by the School District's medical benefits, but only at an increased rate of contribution by the employee in addition to the premium share/employee cost. The additional amount of contribution shall be $100 per month beginning July 1, 2016 and payable by payroll deduction at the rate of $50.00 per bi-weekly pay until this contribution has been fully paid.

Regardless of a spouse's eligibility for medical benefits through the Employer, spouses shall continue to have coverage at no additional cost under the dental and vision benefits provided pursuant to this CBA.

C. Excise Tax

Current Agreement

No current language.

Association Proposal

In response to the School District's proposal, the Association has counter proposed language that provides for the Association and the Board to negotiate plan design changes in a circumstance in which the School District would be required to pay an excise tax pursuant to the Affordable Care Act. While the Association has indicated a willingness to negotiate modifications to the plan design in order to address the premium cost exceeding the excise tax threshold, the Association is proposing that the net savings to the School District in the premium rates would be used to enhance other benefits that would not be subject to the excise tax calculations.

School District Proposal

The School District has proposed that, when and if there is actuarial evidence that the Excise Tax, also known as the "Cadillac Tax" could be imposed, the parties would negotiate the plan changes necessary to avoid that threat; if the parties are unable to reach agreement, the necessary changes would be determined through binding arbitration.

Fact Finder's Recommendation

The Affordable Care Act contains provisions which would impose an excise tax upon certain insurance benefits which are deemed to be "high cost." This excise tax is commonly referred to as the "Cadillac Tax." What is apparent is that "coverage providers," meaning the entity that administers the plan, would pay the tax. There are as yet no regulations as to exactly what will be considered "high cost" or how the tax will be applied.

The implementation of this excise tax has been delayed by Congress until January 1, 2020. This effective date is well after the expiration of this contract in August, 2018. The excise tax poses no short-term risk and will not come into play during the term of this CBA.

The School District argues that it needs language in this CBA to protect it in the event that the excise tax would become effective during the extension of the CBA, primarily because negotiations may well continue after the expiration of the 4-year term agreed to by the parties.

As a compromise and concession to the School District, under any circumstances in which the School District would be required to pay an excise tax pursuant to the Affordable Care Act, the Association will be required to negotiate immediately those modifications to the planned design in order to avoid the tax or determine how these taxes will be covered by employee contributions. If the excise tax needs to be addressed at all, negotiations should commence within thirty days to discuss the impact of that tax and to determine how the cost could be shared or how adjustments could be made to ensure that the excise tax will not be applicable.

Recommended New Agreement

In the event that plan changes are required to avoid the imposition of excise taxes, the parties shall commence negotiations within thirty (30) days of their first notice of the effective date of excise taxes directly applicable to the School District plans. These negotiations will address plan changes necessary to avoid the imposition of any such excise tax or the contribution of employees to offset these taxes.

D. Wellness Program

Current Agreement

No current CBA language.

Association Proposal

In order to receive an additional $500/single or $1,000/family into the employee's HSA (for those enrolled in the high deductible health plan) or to avoid a 3% increase in employee premium contribution, the requirements of completing a health risk assessment/personal profile and certification of the yearly physical must be completed by (date to be determined).

School District Proposal

In 2017, the employee cost share would be 10% if the employee participates in the wellness program and 15% if they do not; in 2018, 13.5% if the employee participates in the wellness program and 18.5% if they do not.

Fact Finder's Recommendation

Both parties recognize that the introduction of a wellness program designed to encourage employees to be healthier is necessary and laudable. They also agree on what constitutes participation in the wellness program: the completion of a personal profile and the certification of a yearly physical. Employees as well as spouses who are enrolled in the medical plan would be required to complete both activities in order to receive the wellness incentive. They disagree on the value of the incentive that should be provided to employees who participate in the wellness program.

It is important to note that there is no pass/fail requirement for the physical and the information provided on the personal profile would not be provided to the employer but remain strictly confidential and HIPAA protected. No one must complete the actions recommended, but merely participate in the personal profile.

The Fact Finder adopts the language requiring the two aspects of participation in order to benefit from the incentives described.

Recommended New Agreement

See proposed language below.

E. Categories of Benefits

Current Agreement

Only two categories of benefits exist in the current CBA: "single" and "family."

Association Proposal

Move to 5 categories.

School District Proposal

Move to 5 categories.

Fact Finder's Recommendation

Both parties agreed to the following classifications of coverage available for both options beginning January 1, 2017:

1. Employee Only
2. Employee Plus Child
3. Employee Plus Children
4. Employee Plus Spouse
5. Family

Recommended New Agreement

See proposed language below.

Recommended New Agreement on Health Benefits

A. *Termination of PPO1 and PPO2*. The health benefit plans in effect for 2015-2016 (PPO1 and PPO2) shall remain in effect through December 31, 2016 at which time both plans shall be discontinued.

B. *Plan Options*. Effective January 1, 2017, Employees shall have the following options with respect to health benefits:

1. *Option 1*: PPO 600 with deductibles of $600 (Employee only) and $1,200 (Employee plus one or more family members) and other benefits as are set forth in the Benefit Highlights document (to be attached hereto as Appendix 1).

(a) For the period January 1 through December 31, 2017, the Employee share of premium costs shall be ten percent (10%), provided that the Employee (and spouse, where applicable) participate in the Plan's Wellness Program. Without participation in the Wellness Program, the Employee share of premium costs shall be thirteen percent (13.0%).

(b) For the period January 1 through June 30, 2018, the Employee share of premium costs shall be thirteen and one-half percent (13.5%), provided that the Employee (and spouse, where applicable) participate in the Plan's Wellness Program. Without participation in the Wellness Program, the Employee share of premium costs shall be eighteen and one-half percent (18.5%).

2. *Option 2*: A Qualified High Deductible Health Plan (QHDHP) with a Health Savings Account (HSA) and deductibles of $2,000.00 (Employee only) or $4,000.00 (Employee plus one or more family members) and other provisions) as set forth in the Benefit Highlights document (to be attached hereto as Appendix 2). The Employee share of premium costs shall be eight percent (8.0%) for the period January 1 through December 31, 2017 and ten percent (10%) for the period January 1 through June 30, 2018. The School District shall make contributions to the Employee's HSA as follows:

(a) For the period January 1 through December 31, 2017, the School District shall contribute either: $2,000.00 (for Employee only coverage); or $4,000.00 (for coverage for the Employee plus one or more family members), provided that the Employee (and spouse, where applicable) participate in the Plan's Wellness Program. Without participation in the Wellness Program, the School District's contribution to the Employee's HSA shall be: $1,500.00 (for Employee only coverage); or $3,000.00 (for coverage for the Employee plus one or more family members). Fifty percent (50.0%) of the School District's contribution to the Employee's HSA shall be payable in lump sum on or before January 31; twenty-five percent (25.0%) of the contribution shall be payable in lump sum on or before June 30; and the remaining twenty-five percent (25.0%) shall be payable in lump sum on or before September 30.

(b) For the period January 1 through December 31, 2018*, the School District shall contribute either: $1,800.00 (for Employee only coverage) or $3,600.00 (Employee plus one or more family members, provided that the Employee (and spouse, where applicable) participate in the Plan's Wellness Program. Without participation in the Wellness Program, the School District's contribution to the Employee's HSA shall be $1,000.00 (for Employee only coverage); or $2,500.00 (for coverage for the Employee plus one or more family members). Fifty percent (50.0%) of the School District's contribution to the Employee's HSA shall be payable in lump sum on or before January 31; fifty percent (50.0%) of the contribution shall be payable in lump sum on or before December 31, 2018.

***although this extends beyond the termination date of this CBA, it is presumed that the plan design will not be changed in mid-plan year.**

(c) In the event of the termination of employment for any reason, no additional School District contribution shall be made after the effective date of such termination, except that Employees who complete the school year shall be entitled to the payment due on or before June 30 and September 30 of their final school year of employment. A schedule for the proration of School District contribution to the HSA of a newly hired Employee is attached as Appendix 3.

3. *Monthly Service Fee*. The School District shall pay the cost of the monthly service fee (if any) that may be charged by the administrator of the HSA account; to the extent there may be other fees associated with the HSA accounts, such fees are the responsibility of the employee/owner of the account.

4. *Wellness Program*. The requirements of the Wellness Program are set forth and attached hereto as Appendix 4.

5. *Classifications of Coverage*. The costs for both plans will be structured with five (5) tiers as follows:

1. **Employee Only**
2. **Employee Plus Child**
3. **Employee Plus Children**
4. **Employee Plus Spouse**
5. **Family**

Appendix 1, substantially as follows:

In-Network – Capital BlueCross and BlueCard:

Deductible **$600 Single/$1,200 Family**

Coinsurance **0%**

Annual OOP Maximum **$4,000 Individual/$8,000 Family**

Office Visit	**$35**
Specialist	**$45**
ER	**$100 (waived if admitted)**
Urgent Care	**$50**
Retail Rx	**$15/$30/$45**
Mail Rx	**$15/$30/$45**
Preventive Care	**100% Covered**

Appendix 2, substantially as follows:

In-Network – Capital BlueCross and BlueCard:

Deductible	**$2,000/$4,000 Deductible**
Coinsurance	**0%**
Annual OOP Maximum	**$4,000 Individual/$8,000 Family**
Office Visit	**Covered after deductible**
Specialist	**Covered after deductible**
ER	**Covered after deductible**
Urgent Care	**Covered after deductible**
Retail Rx	**$15/$30/$45 after deductible**
Mail Rx	**$15/$30/$45 after deductible**
Preventive Care	**100% Covered**

Appendix 3, substantially as follows:

Proration of District Contribution for New Hires

First Day of Employment	**Percentage of Full Contribution:*** ***School Year Employment***
January 1 – January 31	**100%**
February 1 – March 31	**80%**
April 1 – May 31	**65%**
June 1 – July 31	**50%**
August 1 – September 30	**35%**
October 1 – November 30	**20%**
December 1 – December 31	**10%**

***Employees hired on a temporary basis (e.g., one semester) shall be entitled to a District contribution prorated on the basis of their period of employment as a percentage of the school year. For example, an Employee hired to teach one semester shall be entitled to 50% of the annual contribution.**

Appendix 4, substantially as follows:

Wellness Incentive Program

1. **Voluntary completion of Capital BlueCross online Health Risk Assessment/Personal Profile**

    a. **You will find the step by step instructions on completing your Health Risk Assessment on the Capital BlueCross website.**
    b. **The Capital BlueCross *Personal Profile* includes questions about past and current medical conditions, health behaviors like exercise and smoking, and current or recent blood pressure, weight, height, and cholesterol. The value of the Personal Profile depends upon your truthfulness and accuracy in answering the questions. Your answers are the most important component in identifying your risk factors, detecting areas for improvement, and pointing out your current positive behaviors.**

    Please note: West Shore School District is not provided the Individual results of the HRA's and all information is HIPAA protected through Capital Blue Cross.

2. **Yearly Physical**

    a. **Attached is the physical form to be completed by your physician and turned into West Shore School District.**

    Please note: The annual physical does NOT have a pass/fail requirement.

Spouses enrolled in the medical plan are required to complete both activities to receive the Wellness Incentive.

ARTICLE XVII – Termination Clause

Current Agreement

17.01 This Agreement shall be in full force and effect from September 1, 2010, up to and including August 31, 2014, and shall continue in full force and effect from year to year thereafter unless written notice of desire to cancel or terminate this Agreement is given.

Association Proposal

4-year term.

School District Proposal

4-year term.

Fact Finder's Recommendation

Both parties have now agreed to a four-year term. A four-year term would make the contract effective from September 1, 2014 through August 31, 2018. Even so, if the term is four years, the parties will be back to the bargaining table in less than two years. Any shorter term would be unreasonable.

Recommended New Agreement

17.01 This Agreement shall be in full force and effect from September 1, 2014, up to and including August 31, 2018, and shall continue in full force and effect from year to year thereafter unless written notice of desire to cancel or terminate this Agreement is given.

ALL OTHER MATTERS

Any other matters not specifically addressed herein, if any, are recommended to be withdrawn. As noted above, any agreements mutually made prior to the commencement of the Fact Finding, if any, that are not specifically addressed in this Report are recommended to be included, as agreed upon, in the new Agreement.

Date: March 28, 2016
Camp Hill, Pennsylvania

Debra K. Wallet

Debra K. Wallet, Esquire
Fact Finder

WEST SHORE
2014-2015 (Year 1)
Salary Schedule

From Top	Steps	B	B+15	Masters	M+15	M+30	M+60/PhD
19	1	$49,325	$53,932	$56,717	$60,038	$62,138	$64,238
18	2	$49,582	$54,189	$56,974	$60,295	$62,395	$64,495
17	3	$49,889	$54,496	$57,281	$60,602	$62,702	$64,802
16	4	$50,896	$55,503	$58,288	$61,609	$63,709	$65,809
15	5	$51,903	$56,510	$59,295	$62,616	$64,716	$66,816
14	6	$52,910	$57,517	$60,302	$63,623	$65,723	$67,823
13	7	$53,917	$58,524	$61,309	$64,630	$66,730	$68,830
12	8	$54,924	$59,531	$62,316	$65,637	$67,737	$69,837
11	9	$55,931	$60,538	$63,323	$66,644	$68,744	$70,844
10	10	$56,938	$61,545	$64,330	$67,651	$69,751	$71,851
9	11	$57,945	$62,552	$65,337	$68,658	$70,758	$72,858
8	12	$58,952	$63,559	$66,344	$69,665	$71,765	$73,865
7	13	$60,009	$64,616	$67,401	$70,722	$72,822	$74,922
6	14	$61,151	$65,758	$68,543	$71,864	$73,964	$76,064
5	15	$62,294	$66,901	$69,686	$73,007	$75,107	$77,207
4	16	$63,436	$68,043	$70,828	$74,149	$76,249	$78,349
3	17	$64,578	$69,185	$71,970	$75,291	$77,391	$79,491
2	18	$65,721	$70,328	$73,113	$76,434	$78,534	$80,634
1	19	$66,863	$71,470	$74,255	$77,576	$79,676	$81,776
Top	20	$68,005	$72,612	$75,397	$78,718	$80,818	$82,918

WEST SHORE

2015-2016 (Year 2)

Salary Schedule

From Top	Steps	B	B+15	Masters	M+15	M+30	M+60/PhD
19	1	$49,331	$53,938	$56,723	$60,044	$62,144	$64,244
18	2	$49,938	$54,545	$57,330	$60,651	$62,751	$64,851
17	3	$50,545	$55,152	$57,937	$61,258	$63,358	$65,458
16	4	$51,552	$56,159	$58,944	$62,265	$64,365	$66,465
15	5	$52,559	$57,166	$59,951	$63,272	$65,372	$67,472
14	6	$53,566	$58,173	$60,958	$64,279	$66,379	$68,479
13	7	$54,573	$59,180	$61,965	$65,286	$67,386	$69,486
12	8	$55,580	$60,187	$62,972	$66,293	$68,393	$70,493
11	9	$56,587	$61,194	$63,979	$67,300	$69,400	$71,500
10	10	$57,594	$62,201	$64,986	$68,307	$70,407	$72,507
9	11	$58,601	$63,208	$65,993	$69,314	$71,414	$73,514
8	12	$59,608	$64,215	$67,000	$70,321	$72,421	$74,521
7	13	$60,665	$65,272	$68,057	$71,378	$73,478	$75,578
6	14	$61,807	$66,414	$69,199	$72,520	$74,620	$76,720
5	15	$62,950	$67,557	$70,342	$73,663	$75,763	$77,863
4	16	$64,092	$68,699	$71,484	$74,805	$76,905	$79,005
3	17	$65,234	$69,841	$72,626	$75,947	$78,047	$80,147
2	18	$66,377	$70,984	$73,769	$77,090	$79,190	$81,290
1	19	$67,519	$72,126	$74,911	$78,232	$80,332	$82,432
Top	20	$68,661	$73,268	$76,053	$79,374	$81,474	$83,574

WEST SHORE
2016-2017 (Year 3)
Salary Schedule

From Top	Original Steps	New Steps	B	B+15	Masters	M+15	M+30	M+60/PhD
	1							
18	2	1	$50,026	$54,633	$57,418	$60,739	$62,839	$64,939
17	3	2	$50,833	$55,440	$58,225	$61,546	$63,646	$65,746
16	4	3	$52,040	$56,647	$59,432	$62,753	$64,853	$66,953
15	5	4	$53,247	$57,854	$60,639	$63,960	$66,060	$68,160
14	6	5	$54,254	$58,861	$61,646	$64,967	$67,067	$69,167
13	7	6	$55,261	$59,868	$62,653	$65,974	$68,074	$70,174
12	8	7	$56,268	$60,875	$63,660	$66,981	$69,081	$71,181
11	9	8	$57,275	$61,882	$64,667	$67,988	$70,088	$72,188
10	10	9	$58,282	$62,889	$65,674	$68,995	$71,095	$73,195
9	11	10	$59,289	$63,896	$66,681	$70,002	$72,102	$74,202
8	12	11	$60,296	$64,903	$67,688	$71,009	$73,109	$75,209
7	13	12	$61,353	$65,960	$68,745	$72,066	$74,166	$76,266
6	14	13	$62,495	$67,102	$69,887	$73,208	$75,308	$77,408
5	15	14	$63,638	$68,245	$71,030	$74,351	$76,451	$78,551
4	16	15	$64,780	$69,387	$72,172	$75,493	$77,593	$79,693
3	17	16	$65,922	$70,529	$73,314	$76,635	$78,735	$80,835
2	18	17	$67,065	$71,672	$74,457	$77,778	$79,878	$81,978
1	19	18	$68,207	$72,814	$75,599	$78,920	$81,020	$83,120
Top	20	19	$69,349	$73,956	$76,741	$80,062	$82,162	$84,262

WEST SHORE

2017-2018 (Year 4)

Salary Schedule

From Top	Original Steps	New Steps	B	B+15	Masters	M+15	M+30	M+60/PhD
	1							
	2							
17	3	1	$51,147	$55,754	$58,539	$61,860	$63,960	$66,060
16	4	2	$52,354	$56,961	$59,746	$63,067	$65,167	$67,267
15	5	3	$53,561	$58,168	$60,953	$64,274	$66,374	$68,474
14	6	4	$54,768	$59,375	$62,160	$65,481	$67,581	$69,681
13	7	5	$55,975	$60,582	$63,367	$66,688	$68,788	$70,888
12	8	6	$56,982	$61,589	$64,374	$67,695	$69,795	$71,895
11	9	7	$57,989	$62,596	$65,381	$68,702	$70,802	$72,902
10	10	8	$58,996	$63,603	$66,388	$69,709	$71,809	$73,909
9	11	9	$60,003	$64,610	$67,395	$70,716	$72,816	$74,916
8	12	10	$61,010	$65,617	$68,402	$71,723	$73,823	$75,923
7	13	11	$62,067	$66,674	$69,459	$72,780	$74,880	$76,980
6	14	12	$63,209	$67,816	$70,601	$73,922	$76,022	$78,122
5	15	13	$64,352	$68,959	$71,744	$75,065	$77,165	$79,265
4	16	14	$65,494	$70,101	$72,886	$76,207	$78,307	$80,407
3	17	15	$66,636	$71,243	$74,028	$77,349	$79,449	$81,549
2	18	16	$67,779	$72,386	$75,171	$78,492	$80,592	$82,692
1	19	17	$68,921	$73,528	$76,313	$79,634	$81,734	$83,834
Top	20	18	$70,063	$74,670	$77,455	$80,776	$82,876	$84,976