

COMMONWEALTH OF PENNSYLVANIA

Pennsylvania Labor Relations Board

**In the Matter of the Employees of
Old Forge School District
Case No. ACT 88-17-12-E**

REPORT AND RECOMMENDATIONS

Diana S. Mulligan, Fact Finder

Hearing: June 16, 2017

John G. Audi, Esq., for the School District

Kieran G. Kenny, Esq., for the Union

BACKGROUND

Pursuant to Act 88 of 1992 and the Pennsylvania Employee Labor Relations Act, Act 195 of 1970, notice was received by the Pennsylvania Labor Relations Board (PLRB) from the Pennsylvania Bureau of Mediation that no agreement had been reached between the Old Forge School District (SD) and the Pennsylvania Social Services Union, SEIU 668, Instructional Aides Unit (Union). By letter dated May 16, 2017, the PLRB appointed the undersigned to act as Fact Finder with the authority set forth above. Subsequent to such notice, the parties were duly notified and a hearing was held on June 16, 2017 in Old Forge, Pennsylvania at which time all parties in interest were afforded a full opportunity to present testimony and introduce documentary evidence.

The parties identified the following issues as being still in dispute:

1. Article 18 – Benefits
2. Article 19 – Wages
3. Early Retirement Incentive (New)
4. Payment for Clearances (New)

This Report contains Recommendations for the unresolved issues which constitute the settlement proposal upon which the parties are now required to act, as directed by statute and PLRB regulations. Without any comment, the issues already agreed upon by the parties and the undisputed portions of the Collective Bargaining Agreement (CBA or Contract) shall be incorporated without change as part of this Report.

A vote to accept the Report does not necessarily constitute endorsement of the Recommendations but, rather, represents only an agreement to resolve the disputed issues. Pursuant to statutory authority, the Report will be released to the public after the consideration period if rejected by either party.

The parties are hereby directed to review the Report and, within ten (10) calendar days of its issuance, notify the PLRB and each other if they accept or reject the Recommendations. It is imperative that confidentiality of the Report be maintained during the ten (10) day consideration period.

Issue #1 – Benefits

Position of the Parties

The SD proposed to reduce the premium share for this unit from the current 15% to 10% in 2017-2018; 7.5% in 2018-2019 and 5% in 2019-2020. (The percentages were the same in the issues presented for Fact Finding when the Contract would have run from 2016-2017 through 2018-2019, but, since the 2016-2017 school year has ended, the percentage proposals were moved up a year.) The Union proposed a flat rate premium share of \$750 per year in 2016-2017; \$500 per year in 2017-2018 and \$250 per year in 2018-2019, also moved up one year because of the increased Contract term. The SD proposed office visit copays of \$20 for Primary Care, \$25 for a Specialist, \$40 for Urgent Care and \$75 for ER visits; \$15, \$30 and \$50 for Prescriptions and a deductible of \$250 per individual to a maximum of \$750. The Union agrees to the SD's terms for doctors' visits, prescriptions and deductibles PROVIDED that the SD accepts its salary proposal.

Discussion

According to the SD's medical premium chart (requested by the Fact Finder post-hearing), Family (F) plan premiums increased 6.46% from 2014-2015 to 2015-2016 but only .98% from 2015-2016 to 2016-2017; the increase from 2017-2018 is 4.89%. At the hearing, the SD stated that it expected the premiums to increase from 5% to 7% in the next two (2) years. Recognizing that anything can happen, especially with the current health care mess, for illustrative purposes, I increased the 2017-2018 F premium by 5% (to \$22,970 in 2018-2019) and the \$22,970 premium by 7% for 2019-2020 (\$24,577). The aides have already paid \$3,281 for F coverage in 2016-2017 at the current 15%. Had the CBA been executed for the 2016-2017 school year, they would have paid \$2,086 in accordance with the SD's 10% proposal, a difference of \$1,042. Although it increased the premium share from \$0 to a fixed dollar amount for teachers and clerical employees, the SD proposed to decrease the premium share for this unit, stating it wants consistency for salary and health benefits among its bargaining units (Hearing binder, Tab 1, p. 2; Tab 2, p. 2 and Tab 6, p.3).

Within their respective pay ranges, the SD's salary proposals comport with its intention to have consistency among its bargaining units, but the same cannot be said for health benefits at this time. The aides were paying 15% of premiums at least since 2010; the teachers and clerical employees were paying nothing. No, doubt, should the Old Forge School District be in existence in 2020, the SD will press vigorously to have the other units pay a percentage of health care premiums rather than a flat rate which is being phased out by most employers.

In 2010, the lowest paid aide (\$9,472 per year) paid a F premium share of \$2,188 or 23% of her salary (\$2,188 divided by \$9,472 = 23.10%). By 2020, with the SD's 5% premium share proposal, she will pay 9.46% of her salary (\$24,577 x .05 = \$1,229; \$1,229 divided by \$12,995 (the salary I calculated for her in the last year of the CBA) = 9.46%). By comparison, using the same projected premium, the lowest paid clerical employee (if she was paying the same percentage as the aides) would be paying 5.56% of her salary. Since she will be paying only \$375 for the F plan and her 2019-2020 salary would be \$22,087 (Union proposal), she would be paying 1.70% of her salary as a premium share. Under the SD's proposal (\$18,140 annual salary), she would be paying 2.07% of her salary as a premium share.

The highest paid aide in 2010 paid the same \$2,188 premium share, but this represented 13.32% of her salary (\$2,188 divided by \$16,422 = 13.32%). By 2019-2020, with the SD's 5% proposal, she will be paying 5.96% (\$1,229 divided by \$20,612 = 5.96%). With the highest paid clerical employee earning

\$40,157 (Union proposal) by 2019-2020, the \$375 premium share is only \$.93% of her salary. With the SD's proposal (\$32,227 annual salary) she would be paying a 1.16% premium share.

No one suggested that the aides be reimbursed the \$1,042 they lost when they had already paid 15% of the medical premium in 2016-2017, nor is such a refund customary. However, by eliminating the 10% premium share for 2016-2017 and keeping the SD's proposed 7.5% for 2017-2018 and 5% for 2018-2019, some of that loss can be recouped.

Recommendation

1. Office visit copays: \$20 Primary Care, \$25 Specialist, \$40 Urgent Care, \$75 ER;
2. Prescriptions: \$15, \$30, \$50;
3. Deductible: \$250 per individual to a maximum of \$750
4. Premium share: 7.5% in 2017-2018, 5% in 2018-2019, 3.5% in 2019-2020.

Issue #2 – Wages

Position of the Parties

	Union	SD
2011-2012	\$.50/hr. paper raise	\$0
2012-2013	\$.50/hr. paper raise	\$.50/hr. paper
2013-2014	\$.50/hr. paper raise	\$.50/hr. paper
2014-2015	\$.50/hr. retro	\$.50/hr. retro
2015-2016	\$.50/hr. retro	\$.50/hr. retro
2016-2017	5%	2.1%
2017-2018	5%	2.1%
2018-2019	5%	2.1%
2019-2020	5%	3.0%

Discussion

As with the health benefits, all proposals were moved forward one year. See the general comments regarding the SD's financial situation in the “Discussion” section for the clerical unit.

The clerical unit paid no premium share in the expired CBA but the aide unit paid 15%. As the premiums increased, the aides' salary actually decreased because the percentage premium share raised the actual dollar amount they had to pay each year without a concomitant wage increase. They will get some of their money back when the successor Contract is executed, but not enough to make up for their losses beginning with the 2010-2011 school year.

Recommendation

2011-2012	\$.25/hr. paper
2012-2013	\$.50/hr. paper
2013-2014	\$.50/hr. paper
2014-2015	\$.50/hr. retro
2015-2016	\$.50/hr., retro

2016-2017	2.50%
2017-2018	2.50%
2018-2019	2.75%
2019-2020	3.00%

Issue #3 – Early Retirement Incentive (ERI)

Position of the Parties

The Union proposed the same ERI as enjoyed by the teachers and the clerical unit. The SD opposes adding an ERI to this unit.

Discussion

This issue was not presented for Fact Finding by either party as being in dispute for the clerical employees. I suspect this may be because the longest term clerical employee will not be eligible for this benefit until 2025. Therefore, this issue would not be ripe for negotiations for the clerical unit until the 2010-2020 Contract expires. The longest term aide will reach ERI eligibility in 2019 and three (3) others are not far behind. Therefore, it becomes imperative, from the Union's point of view, to include this provision in the successor Contract now. In virtually every Interest Arbitration/Fact Finding I have had in the past ten (10) years, getting rid of the ERI (or not including it for those employed after a certain date) is a top priority for employers because it is so expensive. If the Old Forge School District gets enough funding to remain viable until this Contract expires in 2020, the elimination of the ERI will likely be a major issue in the negotiations for a successor agreement for the other bargaining units.

Recommendation

Do not add an ERI to the CBA.

Issue #4 – Clearances

Position of the Parties

The Union wants the SD to pay for any required clearances. The SD wants the employees to pay for their own clearances.

Discussion

There is no language in the expired CBA about clearances. The SD argues that some employees have clearances before they begin working and have already paid for them. In addition, because coaches and many others in the SD need clearances, if the aides are reimbursed for these fees, others will want to be paid as well. The cost is \$45 for thirty-six (36) months. The aides are the lowest paid employees in the SD for the units in evidence at the Fact Finding hearing. Coaching is a secondary job, usually filled by teachers or the general public. Since coaching is not a primary job in the SD and teachers are paid enough to afford the fee, this explanation can be offered by the SD if others want to be reimbursed for clearances.

Recommendation

Implement the Union's proposal.

SIGNED _____ DATE _____
Diana S. Mulligan, Fact Finder

SIGNED _____ DATE _____
John G. Audi, Esq., for the School District

ACCEPT REJECT

SIGNED _____ DATE _____
Kieran G. Kelly, Esq., for the Union

ACCEPT REJECT