

February 8, 2010

To: Moultonborough School Board  
Moultonborough Advisory Budget Committee

From: Laurie Whitley, School Board Negotiations Team Spokesperson  
Fox Smith, School Board Negotiations Team Member  
Michael Lancor, Superintendent of Schools

**Re: Response to ABC Recommendations on Collective Bargaining Agreement**

In its report dated February 4, 2010, the Advisory Budget Committee (ABC) stated that they had reviewed the results of the proposed two-year Collective Bargaining Agreement (CBA) and voted 4-1 (4 against, 1 in favor) the proposed contract.

This vote was in reference to a proposed two-year CBA that has been approved by a vote of 5 to 0 by members of the Moultonborough School Board and also approved by a ballot vote taken by members of the Moultonborough School Staff Association (MSSA), the bargaining unit representing all teachers in our District. The tentative agreement represents 8 negotiations sessions plus 14 hours of meditation (more process details in the summary at the end).

Members of the ABC outlined their contract concerns in their report. They requested that the community take the time to understand the proposed contract changes prior to voting. We agree that it is important for the community to understand these proposed contract changes, as well as the rationale supporting those changes.

The purpose of this response document is to address the concerns members of the ABC have regarding the proposed contract, outline the rationale for the contract changes, and to encourage the residents of Moultonborough to support the Collective Bargaining Agreement (Warrant Article I) during the School District Meeting on Saturday, March 13, 2010.

We will not repeat all of the current contract language reviewed in the ABC Report. We will highlight the concerns raised by the ABC and respond to those concerns.

**Salary Proposals:**

As noted by the ABC, the first year of the two-year proposed contract uses the same salary schedule from the last year of the existing contract (2009-2010). The salary schedule includes no increase in the respective step ranges, but all teachers receive a step salary increase in the first year of the contract. Teachers move up one step. Teachers can also change to a higher track. The actual amount varies; teachers who move up one salary step will receive the equivalent of a 3.7 % salary increase at the beginning of the step range to 2.61 % at the high end of the step chart. Teachers who are above the maximum step will receive a lesser percentage based on their years of service and track level.

Year two of the proposed contract increases the overall pay schedule by 1.1% in addition to the eligible teachers receiving a step (longevity) increase of approximately 3.7 % to 2.61 %.

### **ABC Salary Proposals Concerns:**

In reference to teacher salary increases, the ABC states, “These pay increases are based on time in position and do not require that teachers demonstrate increased proficiency. While the ABC can support changes in track assignments based on increased academic proficiencies, it cannot support across the board increases in step ranges or automatic step progression based solely on time in position. Please note; both the Library and the Town have proposed 0% across the board salary increases for this year.”

### **Our Responses:**

- Evaluation and renomination of teachers is an extremely important role of school district administrators, and one that is recognized by both the School Board and MSSA. Article V of the current CBA outlines in detail the Teacher Evaluation procedures implemented by school district administrators. Part of this process is to identify teacher competency standards in need of performance. Furthermore, RSA 189:14-a III defines the steps to be followed by the superintendent of the local school district in case of non-renomination of a teacher because of unsatisfactory performance. School Board Policy GNC-R outlines the exact process of the annual evaluation. Satisfactory evaluations are tied to continuing employment.

Requiring teachers to demonstrate increased proficiency in order to receive a salary increase is not part of the pay structure for teachers in Moultonborough, or in any other public school district in the State of New Hampshire for that matter. Furthermore, it is common practice in public school districts across the United States to establish salary schedules that establish entry-level salaries for new teachers and have scheduled step raises for teachers for additional years experience. Teachers with fewer years experience are paid less than those with more years experience.

The ABC position that it “cannot support across the board increases in step ranges or automatic step progression based solely on time in position” does not recognize the very nature by which salary schedules are negotiated throughout New Hampshire and throughout most of the United States.

- In their report, the ABC included the following, “Please note; both the Library and the Town have proposed 0% across the board salary increases for this year.”

The Town may have 0% across the board salary increases in the 2010 budget, however approximately half of the Town employees are eligible for step increases this year. Step increases for Town employees are given after the employee receives a positive evaluation. It is our understanding that step increases and grade adjustments for town employees are in the 2010 budget. It is also our understanding that the Town is not giving COLA increases to those employees not eligible for a step increase this year.

Again, evaluation of teachers is a very important role of administration. All teachers are evaluated annually. Among other purposes, these evaluations are used to help teachers increase proficiencies, but they are not used to determine whether or not teachers receive salary increases.

- The average increase for teachers in year one of the CBA is 1.48%. Even with this proposed increase, Moultonborough’s salary schedule for teachers with 10 to 20 years experience on Tracks 3, 4 and 5 (Masters degree +) is near or below the median for other districts in the Lakes Region.
- We ask the ABC to reconsider their position on the proposed salary schedules in the two-year CBA. To expect the Moultonborough School Board to singlehandedly change the structure by which teachers are paid throughout the State and tie teacher salaries to “increased proficiency” is an unreasonable expectation.

**Retirement Incentive:**

As the ABC points out in their report, the proposed CBA include a new retirement incentive to the Districts senior teaching staff. The ABC states, “The intent would be to entice the experienced higher salaried teachers to take an early retirement, allowing the district to replace the retiring teachers with junior and therefore less costly staff.” The ABC includes in their report the following wording directly from the proposed CBA:

*In recognition of service to the Moultonborough School District, a teacher with at least twenty-five (25) years of teaching experience, who has at least ten (10) years of service to the Moultonborough School District, who is at least 55 years of age, and who is eligible for early or normal retirement under the New Hampshire Retirement System, shall be eligible, upon retirement from the District, for a retirement stipend equal to 30% of their last year's salary. The last year salary paid shall mean the amount paid for services specified in the teacher's individual contract as per the Collective Bargaining Agreement. It does not include any additional amount earned for extra duty assignments, extra-curricular or athletic activities, or other compensation received.*

*The limit of the number of eligible teachers in any single year shall be five (5). In the event that more than five apply, then the plan shall be limited to the five most senior applicants. Seniority shall first be determined by the sum of age and years of service to the District. If two or more eligible teachers have the same total sum of age and years of service to the District, then the one with the most years of service to the District will be considered the most senior. If the years of service are the same, then the one with the earliest birth date will be considered the most senior. The School Board may, at its discretion, approve additional applications for the plan.*

However, the ABC did not include in their report the following new clause in the proposed CBA that accompanies the clause in italics above:

d. *The teacher may opt to receive the stipend:*

1. *As part of the final compensation for retirement benefit purposes, up to the maximum amount allowable under NHRS rules without penalty. Payment shall be made in July following their retirement in June, prior to the NHRS deadline, and the remainder in a single payment in the pay period following the NHRS deadline, OR*
2. *Toward the cost of post retirement health and/or dental insurance premiums as selected by the teacher until the funds are exhausted or until the teacher reaches age 65. At age 65, the District would no longer provide this as a benefit option. Any balance of funds remaining at age 65 will be paid directly to the teacher as a stipend.*

**ABC Retirement Incentive Concerns:**

The ABC states the following in their report, “ While the ABC commends the School Board for its creativity in developing a program to replace the higher salaried staff with more junior (i.e. less expensive) staff, we strongly do not support the program. There is no end date on this retirement offer. Conceivably, five teachers per year could qualify for the retirement incentive from 2011 through perpetuity. Once in the contract, as written, it is the opinion of this committee that it will be virtually impossible to remove. However, we do believe this could be a very effective cost reduction program with an end date attached to the offer. We would propose that the offer be extended for a three year period with an option to renegotiate an additional year thereafter.”

### **Our Responses:**

- The proposed contract covers the time period from August 1, 2010 through July 31, 2012. Any and all provisions of the contract can be renegotiated when the School Board and MSSA hold sessions to reach another agreement in 2012. Therefore, the effective end date of this provision is July 31, 2012. If the newly written retirement incentive does not prove to be effective during the two upcoming school years, then the School Board will have the option to negotiate changes in the incentive or removal of the incentive.
- As of June 1, 2009, teachers retiring in the state of NH no longer receive stipends from the NH Retirement System to offset the payment of health insurance premiums during retirement. As a result, teachers are not opting to retire due to the high cost of health insurance premiums. For example, four Moultonborough teacher employees retired in June 2009 and no teachers are retiring in June 2010.
- The School Board's retirement incentive proposal was twofold: 1) increase the stipend to 30% of the final year's salary, and 2) allow the retiree to use the stipend toward the cost of post retirement health and/or dental insurance premiums. By adding provision 2), the School Board's intent is to provide teachers under age 65 with an option that allows them to retire and receive payments toward their health insurance costs.
- The School Board's proposed stipend of 30% of the final year's salary was carefully chosen to assure that this proposal would not cost the District more than the cost to the District if a given teacher had not retired. The District would be able to pay the retiree a stipend of 30%, and hire a new teacher (up to Step 10 on the Masters Track), for less money than the salary of the retiree had he/she not retired.
- The Retirement Incentive is also designed to provide opportunities for attrition as the District faces the challenges of declining enrollment. There are four teachers (3.5 positions) who will not be returning to teach in the District in 2010-2011 as a result of "Reductions in Force" due to declining enrollment. If an experienced teacher who would like to retire is able to do so under the School Board's retirement incentive proposal, then it provides the District with an opportunity to reduce the number of teaching positions without teacher layoffs.
- All school districts in the Lakes Region have a retirement incentive in their CBA. Five districts in the Lakes Region have an existing retirement incentive that is more generous than the language in our proposed CBA.

### **Health Benefits:**

The ABC stated the following in their report, "The ABC requested as part of its 2009/2010 and again in its 2010/2011 review that the District should undergo a competitive analysis (contractual and non contractual positions) of its current "Benefits" package including, employee /employer benefit contribution rates. The 2011 budget includes a significant increase in the cost of health and dental benefits (approximately 23% and 6% respectively). Employee's health benefits, historically, have been negotiated as part of the collective bargaining agreement. The current contract includes language that controls both the provider of health services, policy coverage and the amount contributed for services by the district. Currently the District pays 90% towards health insurance plan costs. The current provider is Blue Cross/ Blue Shield. The ABC was pleased to see language in the proposed contract that would allow for future change in carriers with approval by both the Union and Administration. The ABC was also pleased to see that the proposed contract recognizes the historically generous 90% employer contribution to the overall coverage. The proposed contract decreases the employer contribution to

87.5% on the difference in premium between single and family coverage. We believe this is a small step in the right direction.”

**ABC Health Benefits Concerns:**

The ABC states in their report, “In addition, unknown to this committee until January 27th (post contract negotiations), the district had in place a subcommittee analyzing alternative health insurance plans. The proposed contract now includes the choice of three additional health plans all at a lower cost than the current Blue Cross/Blue Shield 1000 Plan. While this is a very commendable step in the right direction; the proposed contract has no mechanism to migrate enrollment to the less expensive plans. At a minimum, this committee would like to see language that would require all new hires to choose from the three new offerings limiting participation to the existing plan to existing employees.”

**Our Responses:**

- It is important to clarify that the District did not have in place a subcommittee analyzing alternative health insurance plans. The School Board and MSSA negotiations teams established a subcommittee to analyze alternative plans. This subcommittee consisted of two teachers appointed by the MSSA negotiations team and the School Business Official appointed by the School Board negotiations team. This subcommittee submitted recommendations to the two negotiations teams for their consideration.
- The ABC is correct in stating, “The proposed contract has no mechanism to migrate enrollment to the less expensive plans.” We would like to point out that the three new insurance plan options in the proposed contract all will cost both the District and the employee less than the current BC/BS Comp. \$1,000 plan.” Therefore, the incentive exists for employees to select a plan that is less expensive for them than the current plan.
- We point out the following from the ABC Report, “The ABC was pleased to see language in the proposed contract that would allow for future change in carriers with approval by both the Union and Administration. The ABC was also pleased to see that the proposed contract recognizes the historically generous 90 % employer contribution to the overall coverage. The proposed contract decreases the employer contribution to 87.5% on the difference in premium between single and family coverage. We believe this is a small step in the right direction.”

The School Board and MSSA worked cooperatively to expand health insurance options. In addition, in year 2 of the proposed contract the employee contribution will be 12.5% of the difference in premium between single and two person or family coverage. We believe this is a step in the right direction.

**Summary Statement:**

Article I on the School District Warrant to be voted on during the Annual Meeting on Saturday, March 13, 2010 states the costs associated with the proposed two-year CBA. The increase in salaries and benefits for year 1 (2010-2011) will be \$83,866 and for year 2 (2011-2012) will be \$141,856.

We encourage the members of the Advisory Budget Committee and the residents of Moultonborough to support Article I. RSA32:5-a requires that negotiated cost items be presented to the annual district meeting. As outlined in the 2010-2011 Budget Information Packet, the total CBA Year 1 amount includes \$69,411 in salaries, \$10,869 in related benefits (FICA, NHRS, Workers' Comp.) and \$3,586 for an increase in life insurance. The estimated cost increase for the second year (2011-2012) of the two-

year CBA is \$141,856. This amount includes \$122,649 in salaries and \$19,207 in related benefits (FICA, NHRS, Workers' Comp.).

RSA 273-A designates local School Boards as the sole legislative bodies responsible for negotiating contracts with teacher associations. The School Board and MSSA negotiations teams held 8 negotiations sessions beginning on June 15, 2009 and ending on November 23, 2009. An impasse was declared on November 23, 2009. On Monday, January 11, 2010, a mediation session between the two parties began at 9:30 a.m. and ended at 11:25 p.m. with tentative agreement on a two-year CBA.

For reasons detailed previously in this document, the School Board negotiations team believes the provisions of the proposed two-year CBA are fair and reasonable for both parties. Negotiations took place during challenging economic times, and we believe the cost items in the proposed CBA reflect current economic conditions.

As is typically the case, neither the School Board nor MSSA made all the gains they set out to achieve at the beginning of the negotiations process. The process was a tedious one that called for much reflection and concession on the part of both parties. It is often easier to second guess what may have potentially been achieved than it is to actually reach agreement on those possibilities.