

FOR IMMEDIATE PUBLIC RELEASE

From: Marion Center Area School District Board of Directors and Board Negotiating Committee

Re: Marion Center Area School District Negotiations

Distribution List:

General Public Distribution
Senator Donald C. White
Representative Samuel H. Smith
Representative Jeff Pyle
Mr. Ron Tomalis, Secretary of Education
Ms. Brooke Elliott, MCEA Negotiator - Pennsylvania State Education Association
Mr. Eric Sanoba, Mediator, PA Department of Labor & Industry
All School Staff
Indiana Gazette
Renda Broadcasting
MCASD Website

NEGOTIATIONS

MARION CENTER AREA SCHOOL DISTRICT -- BOARD OF SCHOOL DIRECTORS

The Marion Center Area School District School Board Directors (Board) has been in negotiations with the Pennsylvania State Education Association/Marion Center Education Association (Association) since January 2010. Within the 24 months the District Bargaining Committee and the Association Bargaining Committee along with a state appointed mediator have participated in 25 bargaining sessions. With the exception of few scheduling conflicts the board has accepted the large majority of bargaining dates offered by the association. The Board has also expressed, via the state appointed mediator, a willingness to hold more sessions as the Association deemed necessary. The Association has utilized three different negotiators, the Board has maintained one negotiator. Throughout the process the Board and Association have exchanged a variety of proposals and shared a variety of opinions regarding their respective positions.

The Board has bargained in good faith in order to provide a fair and equitable settlement for the teachers and maintain affordability by the taxpayers of Marion Center Area School District. To allow for the public to gain a further understanding of the Board's perspective and basis for consideration outlined in the remainder of this document are a few facts concerning the Association's current compensation package, the School District, Residents of the District, and the most recent Board Settlement Proposal.

Current Compensation Package

- Teacher's salaries range from \$ 37,650 to \$ 69,447 based on the expired contract's salary schedule for the 2009-2010 school year.
- Contractually the teachers work 7.75 hours per day within the hours of 7:30am to 4:15 pm, 183 days each year. Many teachers work additional hours and days based on their dedication to childhood education and the betterment of the community.
- It takes 3 years for teachers to achieve tenure and 15 years for a teacher to reach the highest step on the salary schedule.
- Currently, teachers do not share the cost of healthcare premiums nor do they have annual deductibles. Copays for physician and specialist office visits are \$5. There is no payment or limitation on chiropractic visits. Emergency room copay is \$20. There is no payment toward physical, speech or occupational therapy services. The cost of prescription drugs is \$5 generic/ \$10 brand.
- The annual cost to the District for family healthcare coverage in the 2011-2012 school year is \$17,963.28 per subscribing employee. In the 2001-2002 school year the annual cost was \$6,888.84
- State mandated retirement contributions, a benefit received by the teachers, support staff and administrators, paid in part from local property taxes will increase another 42.8% in the fiscal 2012 -2013 year this follows a 52.8% increase endured in the current year. In the two years to follow the increases are planned to be 35.0% and 26.9%.
- The average annual wage increase (inclusive of step increment) over the life of the expired five year contract was 3.88% per year. Due to movement on the salary schedule from years of service and educational achievements some association members received more than the average increase and some received less.

District Facts and Demographics

- In 2010 the Median Household Income for Marion Center School District was estimated at \$44,302. Marion Center School District is ranked 310 out of 500 school districts for median income. The average teacher salary in the District in the 2009-2010 school year was \$57,732.
- Currently 32 of the 119 teachers reside in the school district.
- Last year the District's state and federal funding dropped \$1,000,030 and local property taxes were not increased for a second year in a row. The cut in the state and federal funds was offset by local property tax funds made available by cost reducing measures including the reconfiguration and subsequent closure of schools.
- State funding amounts to 62.21% and federal funding amounts to 5.50% of our annual budget.
- With the exception of last year, state funding annual increases have averaged 2.89% per year over the last 7 years.
- Next year increases in state funding beyond an optimistic 1% increase are not expected and level funding from state and federal sources is more likely.
- Without increases to the wages of any bargaining unit or other personnel not under contract our budget projections for next year indicate a \$56,155 budget shortfall without an increase in local funding.
- The Board and Administration have reduced hard cost budget items in excess of \$1,210,942 over the past four budget years helping to mitigate the effects of contractual salary and benefit cost increases of school employees as well as other cost increases in the district.

- Over the last 10 years, the annual increases in healthcare premiums have averaged 11.94%. Based on the 7.50% increase proposed by the ARIN Healthcare Consortium, the District can expect a total increase of approximately \$107,500 in next year's budget if no change in healthcare plan design or premium copayments are implemented.
- Other collective bargaining units at Marion Center (Secretaries, Custodians, Instructional Assistants and Food Service) share the cost of healthcare premiums with some employees funding as much as 20% of premium costs.
- In September 2011, the State released the Act 1 Index for 2012. The Base Index is 1.7% and with the District's aide ratio, it increases the Act 1 Index for taxing purposes to 2.40%. This means that the District, if it increased taxes to the full amount under the Act 1 Index, can raise revenue of \$131,744 or with state approved exceptions \$ 272,646 or request a tax increase via voter referendum.
- Every percent (one percent) of wage increase for teacher's salaries will add approximately \$70,500 (includes payroll taxes) in expenses that will need to be funded with local tax dollars. In the 2011-2012 tax year one mil of taxes created \$ 53,330 of funds for the school district. Our tax base grows on average approximately 0.35% per year. This requires approximately 1.32 mils per percent increase in teacher's wages for any year an increase is provided.
- The average annual Social Security Cost of Living Adjustment (COLA) over the past 3 years was an increase of 1.2% and the average annual national wage index change over the past three years was an increase of 1.1%. The 5 year average annual COLA increase was 2.3% and the 5 year average annual wage index change was 2.5%.

Board Settlement Proposal – (Rejected by the Association's Bargaining Team)

Healthcare Plan Design

Year 1 (2010-2011) There would be no change in healthcare.

Year 2 (2011-2012) Starting January 1, 2012 the plan changes below would be implemented and continue through Year 3 (2012-2013)

- Add:
- ~ \$300 individual/ \$600 family in-network deductible (currently \$0)
 - ~ \$600 individual/ \$1,200 family out-of-network (currently \$0)
 - ~ Emergency room \$75 (currently \$20)
 - ~ Prescription \$5 generic/\$25 brand/\$40 formulary (currently \$5/\$20)
 - ~ Mail order 1 time copay for 90 day supply (currently no mail order)
 - ~ Doctor/Specialists \$20 (currently \$ 5)
 - ~ Diagnostic & Mental Health \$20 (currently \$0)
 - ~ Chiropractic visits \$20, limit 30 visits per year (currently \$0/no limit on visits)

Healthcare Premium Sharing

Year 1 (2010-2011) There would be no change in Healthcare Premium Sharing.

Year 2 (2011-2012) There would be a new 3.00% of premium employee share.

Year 3 (2012-2013) 3.25% of premium costs paid by Association Employees

Wages

Year 1 (2010-2011) 3.20% average increase*; increasing the total salaries to \$ 6,728,024

Year 2 (2011-2012) 2.75% average increase*; increasing the total salaries to \$ 6,823,764

Year 3 (2012-2013) 2.50% average increase*; increasing the total salaries to \$ 7,001,103

*average salary increase inclusive of step increment

Given the circumstances surrounding the local, state and national economy, funding policy changes at the state level, elimination of most exceptions under Act 1, and increased costs in the District, the Board felt this was a fair and reasonable comprehensive proposal to the Association. Throughout the bargaining efforts all proposal details have been shared with all board members; it is unclear if any circumstances have been shared with the entire association membership on an ongoing basis.

It is common for bargaining units to selectively compare wages and benefits with certain districts in its immediate vicinity, the Board feels that in light of the unprecedented changes in state funding policy that this comparison is quite skewed. Many of the surrounding districts with comparable demographics and tax base characteristics settled contracts prior to the state funding policy changes and now find themselves with many furloughs and program cuts as well as the uncertainty of their future financial viability. The Board remains committed to maintaining a competitive wage for our teaching staff but feel when thousands of teachers across the state remain unemployed competitive comparisons are a much smaller element of consideration in negotiations. Furthermore, for the 2010-2011 year the average salaries of Indiana County classroom teachers ranked 6th highest out of 67 counties across the state while Indiana County ranks 51st highest in median household income.

The Board is continuing to work hard bargaining with our teaching staff but is equally committed to ensuring the future viability of our school district's ability to provide a high quality education and affordability for our tax paying constituents. The Board understands that career and compensation goals are an important consideration for any employee and we value the priceless efforts of all employees in the District. The Association has the full ability to choose any of the following next steps or other options that may arise: accept the Board's most recent offer, continue constructive bargaining efforts while being compensated under the previous contracts provisions, create a work stoppage (strike) that is allowed by them through state collective bargaining laws or request fact finding. Respectfully, however, the Board feels it needs to responsibly manage the affairs of the School District relative to the circumstances that it is either mandated to or presented with otherwise.

The Board believes the foregoing summarizes the good faith efforts and various facts governing the Board's bargaining position. The Marion Center Area School District Board of Directors appreciates the constructive opinions expressed by constituents of the District and look forward to feedback concerning this matter. Likewise the Board understands the funding of the public school system is one of the largest line items in the state budget and we invite the opinions and feedback from our state senate and house representatives.