January 2008

Mattituck-Cutchogue UFSD and CSEA, Inc. Local 1000, AFSCME

Stephen M. Bluth

Mattituck-Cutchogue UFSD and CSEA, Inc. Local 1000, AFSCME

Abstract

In the Matter of Fact-finding between MATTITUCK-CUTCHOGUE UFSD and CIVIL SERVICE EMPLOYEES ASSOCIATION, INC. LOCAL 1000, AFSCME. PERB Case M 2007-148. Before: Stephen M. Bluth, Fact Finder.

STATE OF NEW YORK
PUBLIC EMPLOYMENT RELATIONS BOARD

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In the Matter of Fact-finding

-Between-

MATTITUCK-CUTCHOGUE UFSD
"District"

-and-

CIVIL SERVICE
EMPLOYEES ASSOCIATION, INC.
LOCAL 1000, AFSCME
"Union"

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RE: Case M 2006-148
Findings
and
Recommendations

APPEARANCES

For the District

Christopher Venator, Esq., Board Attorney
James F. McKenna, Superintendent of Schools
Gerard E. Difflay, Board President
Douglas Cooper, Board Member
Debra Cahill, Board Vice President
Michael Engelhardt, District Representative

For the Union

Stanley H. Frere, Labor Relations Specialist, CSEA
Sam Strickland, President, CSEA
Nancy Morrow, Vice President, CSEA
Rachel Largent, Labor Relations Specialist, CSEA
Eugene Pacholk, Negotiating Team Member

BEFORE: STEPHEN M. BLUTH, FACT FINDER

BACKGROUND

The parties are signatories to a collective bargaining agreement (Agreement), which expired on June 30, 2006 (Joint Ex. 1). The Agreement covers eighty-four employees in a unit consisting of Custodians, Maintenance Mechanics, Groundskeepers, Custodial Workers, Account Clerks, Clerk typists, Clerks, Health Aides, Administrative Aides, Bus Drivers, Tranportation Coordinator, Technical Support Rep., Teacher Assistant, Library Aide, Monitor and Guards. Negotiations for a successor Agreement were unsuccessful. As a result, I was appointed fact finder by the Public Employment Relations Board. Hearings were held on August 20, 2007 and October 19, 2007. During those hearings the parties were afforded full opportunity to present data and make oral argument in support of their positions. Both submitted post-hearing briefs, whereupon I closed the record. These Findings and Recommendations follow:

POSITIONS OF THE PARTIES

The District proposes the bargaining unit's health insurance coverage be changed from a self-insured plan, administered by the Island Group, to the

New York State Health Insurance Plan (Empire). It points out when the decision was made to self-insure in 2000-2001 it modeled its plan on the 1999 Empire Plan. However, the District stresses Empire has undergone several modifications between 1999 and 2006. For example, it reports, in an effort to restrain its growing costs Empire has increased co-pays and deductibles. Unfortunately, the District declares, its plan is locked into the 1999 version of Empire. Thus, it cannot implement the same type of cost-cutting modifications as did New York State.

The District reports that it pays $17,578 per family for the family plan. In contrast, the Empire family plan costs only $14,377. Thus, the District would save $3,200 on each family plan, it stresses. Consequently, by switching plans, the District avers, it would reap significant savings.

Further, the District advises, the teacher bargaining unit and District administrators have already changed plans. Therefore, this unit's change would ensure that all District employees are in the same health plan. Finally, the District maintains, the switch to Empire will stabilize insurance rates since that Plan covers thousands of employees, thus reducing the risk of substantial rate increases.

The District also seeks to change contribution rates paid by some unit members. It stresses certain members of the unit make no contribution toward health insurance premiums. In the District's view this non-payment is an anachronism, which should be remedied. It points out that people in the lowest paying tier of the teacher bargaining unit pay $450 for family and $250 for individual coverage. The District asks that unit employees similarly situated pay the same amounts.

Additionally, the District wishes to reduce the amount of money unit members receive if they "opt-out" of health insurance coverage. Presently, those who do so receive fifty percent of whatever savings the District realizes. The District opines this is overly generous. It highlights the fact that teachers who "opt-out" receive $4,000.00 for doing so. Therefore, it argues, the dollar amount for "opting-out" should be the same as teachers receive.

Moreover, the District seeks to change the benefit level for part-time employees, who currently receive the same level of benefits as those who work full time. In its view, part-time employees should receive a pro rata contribution from the District. To buttress its position the District advises this is the manner in which part-time teachers are treated.

In exchange for these concessions, the District avers it is willing to reduce the contribution rate of some unit members who are currently paying more than others. It relates that employees hired after July 1, 2000 currently pay twenty-five percent of the health premiums. The District indicates it is willing to reduce that percentage to fifteen percent.

The District further declares it is willing to reduce the cost of health insurance paid by some retirees. It notes employees hired after July 1, 1993 must pay fifty percent of the individual health plan premium when they retire. Those employees are also required to reimburse the District for the cost differential between family and individual coverage. The District’s proposal encompasses its willingness to eliminate this tier so that these retires would be treated the same as those hired between July 1, 1988 and June 30, 1993. This would generate significant savings in retirement for those employees, it emphasizes.

As for its salary proposal, the District argues that a "going-rate" increase is appropriate. It places that figure as somewhere between 3.3% and 3.5%. The District bases its proposal on several factors. First, it asserts, its non-instructional employees are the highest paid employees on the North Fork in virtually every job classification. Also, the District reports, their salaries are competitive with those of Suffolk County (Dist. Exs. C-H). Therefore, it maintains, a "going-rate" increase will ensure these employees retain their rankings.

Moreover, the District declares, it has the highest tax rate of the six districts in the Town of Southold (Dist. Ex. H). It also emphasizes its tax rate has risen steadily over the past ten years (Dist. Ex. I). The District concludes that increases which exceed the "going-rate" would result in further tax increases, thus placing an unfair burden on the taxpayers.

Finally, the District advises, although teachers received raises in excess of the "going-rate," the reason for this is that the District was having difficulty recruiting and retaining teachers. This stemmed from the fact teacher salaries ranked at, or near, the bottom of Suffolk County in 2004-2005 (Dist. Ex. B). For example, it emphasizes, in all MA categories they ranked either 35th or 36th out of 36 districts with the exception of one MA column where teachers ranked 29th out of 36. Thus, the District concludes above average salary increases were necessary to address its staffing needs.

The District also claims it should not have to pay for increased dental and orthodontic benefits. It contends the coverage it currently provides is consistent and competitive with dental/orthodontic coverage throughout Suffolk County (Dist. Ex. J). For the reasons delineated above, the District asks that I adopt its proposals as my recommendations for this report.

The Union avers it is willing to change its health coverage from the self-insured plan to Empire. However, it insists the District must reciprocate by providing more than “going-rate” salary increases and increasing certain benefits. It bases its position on several factors. First, it asserts, the District will realize substantial savings as a result of changing plans because Empire costs $3,200 dollars less than the self-insured plan.

Moreover, it points, out the change will result in greater costs to its members, who will face increased out-of-pocket expenditures for co-pays and deductibles. In fact, the Union stresses, these out-of-pocket expenses will double upon the conversion to Empire (Union Exs. 3,4).

In order to offset some of these increased costs to its members, the Union insists certain benefits must be improved. Therefore, it seeks an increase from $1,000.00 to $2,500.00 for dental coverage. Additionally, it asks that the orthodontic benefit be raised from $500.00 to $2,000.00.

Additionally, the Union seeks the District’s agreement to allow the spouse of a deceased member to join the District’s health plan at his/her own expense. In its view, this will ease a substantial burden on a spouse in that position.

Also, the Union stresses, the payment for “opting-out” of the insurance plan must remain at fifty percent. It maintains its members have had this benefit for a long time. As such, it opines, it has become an added source of income to some of its members. To reduce that benefit would create a financial hardship for those people, it argues.

Further, the Union insists, the District must provide a 22% salary increase over a five-year period, retroactive to the 2005-2006 school year. It justifies this demand by highlighting the fact that when the District’s teachers changed from the self-insured plan to Empire, they received wage increases in excess of the “going-rate” in Suffolk County. The Union avers that it, too, should receive above “going- rate” wages for approving this change.

Finally, the Union emphasizes an above average increase will not place an unfair burden on the District’s taxpayers. It stresses the District will save well over one million dollars by changing its health plan. The Union cites an analysis done by the Island Group Administration, Inc. to buttress this claim (Union Ex. 2). In the Union’s view, this savings should alleviate any additional burden on the District’s taxpayers. Based on the foregoing, the Union asks I adopt its proposals as my recommendations in the instant matter.

FINDINGS AND RECOMMENDATIONS

Before addressing the specific issues presented by the parties, a few preliminary words are in order. The collective bargaining process can sometimes be an arduous one with each party attempting to serve the needs of its constituents as best it can. Often times this creates a situation whereby it is difficult for the parties to strike a reasonable balance between what they need and what they are able or willing to give. However, if both parties reach a decision based on their own enlightened self-interest, it is possible to reach an agreement with which each party can live. In order to achieve this, the parties must think long and hard about what is realistic. With that in mind, I offer my recommendations with the aim of aiding the parties to find the necessary balance.

As for specific recommendations, it is clear the District wants to change from its self-insured plan to the Empire Plan. Since the Union has indicated it is willing to make such a change, the question is at what price the change will occur. The Union insists the losses incurred by its members, combined with the savings realized by the District, warrant major increases in salary and benefits. The District argues its proposals are reasonable in light of the unit's salaries and high tax rate paid by its residents.

I have examined the documents and other evidence submitted by the parties. Based on that examination, I make the following recommendations:

SALARY[1]

I recommend the salary schedules be increased by 18.75% over a five-year period. I also recommend the increases be implemented as follows:

2006-2007 --- 3.5%

2007-2008 --- 3.5%

2008-2009 --- 3.75%

2009-2010 --- 4.0%

2010-2011 --- 4.0%

I believe these numbers, although less than what the Union seeks and more than the District proposes, are fair and manageable. The District has maintained the salary increases should be in the 3.3%-3.5% range, which is the Suffolk County "going-rate." Using the 3.5% number, the District offer totals 17.5%. My recommendation is 1.25% more than that number. This increase spread over five years amounts to .25% per year over what the District has offered. I do not

[1] The salary recommendations contained herein are exclusive of step movement.

believe this will place an undue hardship on the District.

At the same time, I believe the Union’s request for a 22.5% increase over a five-year period is unrealistic. The District’s teachers received an increase of 20.5% increase over the same period. While I understand the Union’s claim the teachers were rewarded for changing insurance plans, I am equally convinced that while this played a role in the settlement, the District’s difficulty in obtaining and retaining teachers was also a significant factor. It is incontrovertible that the teachers were among the lowest paid in the county. This lends credence to the District’s rationale for the above-average salary increases. For that reason, this unit, with salaries at or near the top of the town of Southold in virtually every job title it represents, should not expect the same percentage as the teachers. However, my recommendation is only 1.75% less than what the teachers received. This amounts to .35% per year when spread over five years.

In sum, I believe that based on settlements in the County and the comparatively high salaries of this unit a settlement of 18.75% over five years is appropriate.

HEALTH INSURANCE

I recommend the Union acquiesce to the District's proposal to change from its self-insured health plan to Empire. This, I believe, is squarely in the interest of both parties. Empire is widely used and respected throughout Long Island and other parts of New York State. Its high enrollment insures a certain stability that smaller plans are hard pressed to duplicate.

However, while Empire is a solid plan, its implementation will clearly produce some financial regression for unit members, who will see increases in their co-pays and deductibles. In order to compensate for these losses, I recommend changes in the dental allocation as follows:

2006-2007 - No change

2007-2008 - No change

2008-2009 - $1,150

2009-2010 - $1,350

2010-2011 - $1,500

I also recommend the orthodontic benefit be allocated as follows:

2005-2006 - No change

2006-2007 - No change

2007-2008 - $600

2008-2009 - $700

2009-2010 - $750

2010-2011 - $800

With regard to the Union’s demand that the spouse of a deceased member be permitted to enroll in the health plan, at their own cost, I am aware Empire has certain eligibility rules and regulations that cannot be supplanted by local agreements. However, I recommend that if Empire permits this enrollment, the District should allow spouses so situated to join the health plan at their own cost.

Additionally, I recommend the District’s proposal to eliminate the third tier of retiree health contributions as outlined in Article V,C 2,b,iii (page 8) of the parties’ Agreement be incorporated into the settlement.

As for contributions sought by the District from those employees hired prior to July 1, 1993, I recommend the status quo be maintained until June 30, 2010. Thereafter, they should pay $250.00 for individual coverage and $450.00 for family coverage. I also recommend the contribution for those unit members currently paying 25% be reduced to 15% per the District's proposal.

I further recommend there be changes to the health insurance "opt-out" provision. The District wishes to reduce that payment to $4,000.00 as per the teacher contract. However, I find it is not reasonable to implement this change abruptly as certain unit members have come to depend on this benefit for additional income. Rather, I recommend the current arrangement remain in effect for the duration of the 2007-2008 school year. I make this recommendation because I believe it would be inherently unfair to diminish this benefit without prior notice to unit members.

I also recommend that for employees who have opted out for 2007-2008, the dollar amount they receive for that year should be frozen through the 2009-2010 school year. Thereafter, commencing with the 2010-2011 year, that figure should be reduced to $4,000.00.

Additionally, I recommend, any unit member who did not "opt-out" during 2007-2008 and decides to avail himself or herself of this benefit during 2008-2009 or thereafter should receive $4,000.00.

Finally, I recommend that those unit members who work part-time receive pro rata benefits. This is the rule of thumb in the overwhelming number of districts on Long Island. It is also a patently fair arrangement, I believe.

I do not suggest the recommendations delineated above, are the perfect resolution to this matter. However, they represent a reasonable and relatively efficient means by which this dispute may be ended. The alternative may well be a dispute that festers and produces undesirable effects on both parties. Consequently, I urge their adoption by the parties as soon as practicable.

DATED

STEPHEN M. BLUTH, FACT FINDER

STATE OF NEW YORK)
)
COUNTY OF NASSAU)

Sworn before me this day of 2008.

Notary Public