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Trumansburg Central School District and Trumansburg Teachers Association

Michael G. Whelan

Trumansburg Central School District and Trumansburg Teachers Association

Abstract
In the matter of the fact-finding between the Trumansburg Central School District, employer, and the Trumansburg Teachers Association, union. PERB case no. M2015-204. Before: Michael G. Whelan, fact finder.

Keywords
New York State, PERB, fact finding

STATE OF NEW YORK
PUBLIC EMPLOYMENT RELATIONS BOARD

TRUMANSBURG CENTRAL SCHOOL DISTRICT,

Employer,

and — Case No. M2015-204

TRUMANSBURG TEACHERS ASSOCIATION,

Employee Organization.

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FACT-FINDING REPORT AND RECOMMENDATIONS

Fact-Finder Michael G. Whelan

March 13, 2017

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Introduction and Procedural History

The Trumansburg Central School District ("District" or "Employer") and the Trumansburg Teachers Association ("Association") are parties to a Collective Bargaining Agreement ("CBA"), which expired on June 30, 2015. The parties began bargaining over a successor agreement on or about March 3, 2015, and met on several occasions after that date, but they were unable to reach agreement on all open issues. After the filing of a Joint Declaration of Impasse on November 9, 2015, the New York State Public Employment Relations Board ("PERB") appointed a mediator. The parties conducted sessions with the PERB-appointed mediator, but they were unable to resolve all disputed issues between them.

On July 11, 2016, the parties submitted a joint request with PERB for the appointment of a fact-finder. On July 27, 2016, PERB's Director of Conciliation appointed the undersigned Fact-Finder to conduct a hearing into the causes and circumstances of the dispute and to make findings of fact and recommendations to resolve the dispute. By agreement of the parties, the fact-finding hearing was scheduled for November 15, 2016. Prior to the evidentiary hearing, a brief preliminary conference call was held on September 13, 2016, to identify the issues submitted to fact-finding and to establish hearing procedures. On November 15, 2016, in the Village of Trumansburg, New York, a fact-finding hearing was conducted where the parties presented evidence and argument in support of their respective positions on the disputed issues. The Fact-Finder left the hearing open so that the parties could file post-hearing briefs. The parties timely submitted their post-hearing briefs on January 6, 2017, and on that date the hearing was deemed closed. This report is submitted pursuant to Section 209.3(c) of the Public Employees' Fair Employment Act.

Issues and Final Proposals of the Parties

At the preliminary conference, the parties noted that there were several unresolved issues. After discussion with the parties, it appeared likely that they could conclude a new agreement if they could come to terms over health insurance and salary. Thus, the fact-finding hearing addressed these two issues.

1. Health Insurance

The parties' bargaining over health insurance addressed (1) prescription drug co-pays and (2) the amount of employee contributions to premiums. Currently, Association unit members contribute 15% plus $120 per year to the cost of health insurance premiums, of which there are three components – basic hospitalization, major medical, and prescription drugs. The current prescription drug plan is 2-tier, with co-payments ("co-pays") of either $10 or $20, depending on whether generic or brand name drugs are purchased. The parties' proposals address changes from a 2-tier prescription drug plan and increases to the amount of employee contributions to health insurance premiums. The parties' final proposals on health insurance are as follows:

School Year	Association's Final Health Insurance Proposal	District's Final Health Insurance Proposal
2015-2016	• $10/$20 Rx (2T5) • 15% + $120 contribution for individual or family	• $10/$20 Rx (2T5) • 15% + $120 contribution for individual or family
2016-2017	• Switch to $5/$15/$30 Rx (3T5) • 15% + $120 contribution for individual or family	• Switch to $10/$25/$40 Rx (3T8) • 16% contribution for individual or family
2017-2018	• 15% + $150 contribution for individual or family	• 17% contribution for individual or family
2018-2019	• 15% + $150 contribution for individual or family	• 18% contribution for individual or family

2. Salary

The parties' final proposals on salary included increases to existing salaries by certain percentages over the terms of a new agreement covering four school years. The parties' respective final proposals on salary are shown in the following table:

School Year	Association's Final Salary Proposal	District's Final Salary Proposal
2015-2016	3.50%	2.00%
2016-2017	3.50%	2.70%
2017-2018	3.50%	2.70%
2018-2019	3.50%	2.70%

Findings of Fact

1. The Parties

The Trumansburg Central School District serves about 1,040 students and employs approximately 250 employees. The Trumansburg Teachers Association is one of two bargaining units at the District, and it is the exclusive representative of about 118 employees, including all professional teaching personnel, guidance counselors, psychologists, social workers, teaching assistants, nurses, substitutes covering the leaves of teachers and the CSE chairperson, the dean of students, and the athletic director. District employees who are members of the bargaining unit shall be referred to herein as Association members, unit members, members or teachers.

2. Current Health Insurance and Salary Schedule

There are three parts to the health insurance package provided to unit members: (1) basic hospitalization and medical/surgical; (2) major medical; and (3) prescriptions. Both parties have proposed changes to the existing prescription part of the plan and the monthly premium contributions covering all three parts of the package.

Monthly premiums for the complete health insurance package are shared by the District and unit members. Currently, regardless of whether they have individual or family coverage, unit members pay 15% of the premium plus $120 per year. The District pays the remaining amount, which is about 84%. The prescription drug component of the health insurance package is the 2T5 plan. The 2T5 plan is a 2-tier plan providing for co-pays of $10 for generic prescriptions (tier-1) and $20 for brand name prescriptions (tier-2).

In 2016-2017, the annual premiums for the total health care package are $8,574.60 for individual coverage and $19,978.80 for family coverage. Thus, under the percentage formulas noted above, the cost of individual coverage for unit members is about $7,168.41 per year to the District and $1,406.19 per year to the member. The cost of family coverage for unit members is about $16,861.98 per year to the District and $3,116.82 per year to the member.

The CBA has a salary schedule that contains 34 steps. All unit members are advanced one step on the schedule each year. In 2014-2015, the last year of the CBA, the salary at the first step was $43,850 per year, and the salary at the last step salary was $75,877 per year. For each year of the CBA, most unit members were also provided with wage increases by percentage, inclusive of step increases, to calculate their total wage increase. Those percentage increases were 2.7% for 2011-2012, 2.7% for 2012-2013, and 3.0% for 2013-2014.

3. Comparative Data

The findings below are based on evidence presented by the parties concerning the health insurance benefits and salaries of other similarly situated teachers locally and throughout New York.

a) Health Insurance

The dollar amounts paid by teachers per year at local peer districts for health insurance are shown in the table below.

Teacher Annual Health Insurance Payments 2015-2016			
District	**Plan**	**Individual Coverage**	**Family Coverage**
Dryden	BC/BS/BM	$1,235.40	$2,878.32
Groton	BC/BS/BM	$1,580.00	$3,681.00
Ithaca	BC/BS/BM	$1,776.60	$4,139.60
Lansing	BC/BS/BM	$1,213.32	$3,059.64
Newfield	BC/BS/BM	$875.00	$2,925.00
South Seneca	BC/BS/BM	$782.00	$3,645.00
Romulus	Blue Pt 2 $15	$1,031.84	$2,572.00
Seneca Falls	Blue Pt 2 $15	$789.54	$1,934.84
Waterloo	Healthy Blue	$1,483.00	$3,662.00
Trumansburg	*BC/BS/BM*	*$1,344.94*	*$2,974.10*
Average		**$1,211.16**	**$3,147.15**

The percentages of health insurance premiums paid by teachers at local peer districts are shown in the table below.

Teacher Annual Health Insurance Percentage 2015-2016		
District	**Individual Coverage**	**Family Coverage**
Dryden	15%	15%
Groton	20%	20%
Ithaca	22%	22%
Lansing	17%	17%
Newfield	12%	17%
South Seneca	10%	20%
Romulus	13%	13%
Seneca Falls	11%	11%
Waterloo	20%	20%
Trumansburg	*16.47*%	*15.60*%
Average	**16**%	**17**%

b) <u>Salary</u>

The most relevant salary data in the record is from School Year 2014-2015. One measure of comparable salary information came from a 50/50 Comparison for Trumansburg (the “50/50 Comparison”), which compares the 2014-2015 median salaries in the 50 districts in New York State immediately above and immediately below Trumansburg in enrollment, property value per pupil, income per pupil, estimated full value tax rate, and estimated total general fund expenditures per pupil. The 50/50 Comparison shows that the District’s median teacher salary (i.e., $55,890) is below average on all measures, ranging from the bottom 60th percentile when compared to the other districts by size of enrollment down to the bottom 81st percentile when compared to income per pupil.

The District compares more favorably when compared with local districts. As shown on the table below, the District's teachers' salaries are higher than the other districts' average salaries at the 5th, 25th, and 50th percentiles, ranking 1st, 4th and 4th respectively out of 10. At the 75th and 95th percentile ranges, District teachers' salaries drop below the average, ranking 6th out of 10 at the 75th percentile and 7th out of 10 at the 95th percentile. In more concrete terms, District teachers at the 75th percentile average $60,749 – about $2,000 less than their local counterparts, and District teachers at the 95th percentile average $71,770, about $2,200 less than their local counterparts at the 95th percentile.

Average Teacher Salaries Across Salary Percentiles 2014-15 School Year					
	5th	**25th**	**50th**	**75th**	**95th**
Dryden CSD	$39,961	$44,574	$51,756	$59,108	$69,346
Groton CSD	$43,114	$47,351	$54,259	$64,122	$75,632
Ithaca City	$40,816	$44,339	$51,747	$64,847	$73,057
Lansing CSD	$42,404	$53,966	$64,410	$74,993	$88,202
Newfield CSD	$38,797	$43,084	$48,668	$59,540	$71,978
South Seneca CSD	$41,136	$54,385	$60,000	$68,853	$78,644
Romulus CSD	$40,499	$41,253	$50,702	$56,422	$69,346
Seneca Falls CSD	$40,545	$50,792	$58,330	$63,338	$73,090
Waterloo CSD	$42,274	$50,195	$52,344	$55,567	$68,763
Trumansburg CSD	**$45,333**	**$50,626**	**$55,890**	**$60,749**	**$71,770**
PEER GROUP AVERAGE	$**41,488**	$**48,057**	$**54,811**	$**62,754**	$**73,983**
Trumansburg Rank	**1**	**4**	**4**	**6**	**7**
Percent of Average	**109.3%**	**105.3%**	**102.0%**	**96.8%**	**97.0%**

4. <u>The District's Financial Condition and Ability to Pay</u>

By several measures, the District is in sound financial condition. First, actual revenue has come in very close to budgeted revenue, and has exceeded the amount budgeted for two of the last three years. Second, actual expenditures have been less than budgeted for the previous three years. Third, the District's restricted fund balance has increased from $3,388,807 to $6,068,051 over the last three years. Fourth, the District's unexpended surplus has remained relatively constant over the last three years at or above 5.8%, which exceeds the maximum a school district may carry in each of the past five years. Fifth, state aid to the District has increased by over 18.6% from 2013-2014 to 2015-2015, and state aid to education is expected to increase by 6.5 % in 2017-2018 and 4.5% in 2018-2019. Sixth, the District has enjoyed significant "breakage" over the last two years as the demographics of the unit membership have changed. Breakage is the term used to describe the decrease in salary expenditures by the District when more senior, higher-paid members of the bargaining unit leave the District, often upon retirement, and are replaced by new hires at lower pay rates. These facts establish that the District has the ability to pay salary increases.

Report and Recommendations

First, it should be noted that the representatives from both parties were very well prepared and made excellent presentations both at the hearing and in post-hearing briefs. This report and the recommendations that follow draw from the material presented by the parties during the hearing and the statutory factors described below.

As with most negotiations, it is very difficult for both sides to get all that they initially seek. In these negotiations, the parties are not that far apart on the two key issues that separate them. However, after many months of negotiations, during which many options to reach agreement were explored, it appears that the only way that agreement can be reached is for both parties to move off their positions and accept terms that are fairly supported by an objective review of the record evidence as it relates to factors that are commonly used to resolve labor-management disputes.

The Taylor Law, which governs public sector collective bargaining in New York State, does not require fact-finders to take into account specific factors when making recommendations to resolve impasses. However, the Taylor Law does provide for consideration of various “factors” to finally resolve impasses in the public safety context. Because these factors address issues of fairness that are common to all public employers and public employees, they provide useful guidance here. The Taylor Law provides for consideration of the following factors:

a. comparison of the wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours, and conditions of employment of other employees performing similar services or requiring similar skills under similar working conditions and with other employees generally in public and private employment in comparable communities;

b. the interests and welfare of the public and the financial ability of the public employer to pay;

c. comparison of peculiarities in regard to other trades or professions, including specifically, (1) hazards of employment; (2) physical qualifications; (3) educational qualifications; (4) mental qualifications; (5) job training and skills;

d. the terms of collective agreements negotiated between the parties in the past providing for compensation and fringe benefits, including, but not limited to, the provisions for salary, insurance and retirement benefits, medical and hospitalization benefits, paid time off and job security.

Each recommendation below is made after first addressing the parties’ respective positions and a discussion of the issue on the merits.

2. Health Insurance

A. The District's Position on Health Insurance

The District claims that its health insurance proposal is not only reasonable, but it would result in most Association members paying less for their health insurance than they are currently paying.

1. Prescription plans

The District proposes to move from the 2T5 plan to the 3T8 plan, which provides for co-pays of $10 for generic prescriptions (tier-1), $25 for preferred brands (tier-2), and $40 for non-preferred brands (tier -3). The District claims that 91.3% of the prescriptions filled for Association members during the period of January 2016 – October 2016 were tier-1 and tier-2 drugs. The District notes that Association members currently pay $10 for tier-1 (generic) drugs or $20 for tier-2 and tier-3 drugs. The District contends that under its proposal, there will be no impact whatsoever on tier-1 drugs, which account for 81.6% of all prescriptions filled; a $5 increase for tier-2 drugs, and a $25 dollar increase for tier-3 drugs.

In addition, the District asserts that for the 81.6% of the bargaining unit who use tier-1 generic drugs, there will be a savings of $323.64 annually for family coverage or $138.96 for single coverage. The District provided an example of the effect of this plan on an average teacher making approximately $60,000.00 annually. For such a teacher enrolled in the family health insurance plan, the District claims he or she would save $323.64, which represents a .54% increase in net salary. In addition, the District claims that if this teacher needed two tier-2 drugs monthly, which would cost an additional

$120.00 annually in prescription co-pays, there would still an annual net premium savings of $203.64 or .34% in net salary.

Closing out this point, the District asserts that over 90% of Association members will save money annually if the prescription plan proposed by the District is implemented, and over 80% of Association members would save the equivalent of 0.54% in salary if the District's proposal is implemented.

2. Monthly premiums

The District claims that its total health insurance proposal (prescription and monthly premium changes) would be less costly to Association members than the proposal made by the Association. Specifically, the District claims that the impact of the Association's proposal using 2016-2017 rates would be that members would pay $172.31 more for family coverage and $159.57 more for a single coverage than they would under the District's proposal.

In addition, the District claims that its proposal would cost most unit members less than current rates. Specifically, the District calculates that under its proposal, unit members would pay $122.71 less for family coverage, and $121.17 more for individual coverage in the first year of the proposed change – 2016-2017. The District claims that it has almost twice as many family plans as single plans, which is why most members would see a decrease in the premium over current rates.

The District argues that it is uncommon in collective negotiations for the employer to offer a health insurance package that is not only less than the package proposed by the union, but also provides substantially similar coverage for less than the employee paid in the previous year. The District asserts that in this negotiation, the competitive advantage Association members have over their peers in the amounts they pay for their health insurance coverage would improve under the District's proposal, but decline under the Association's proposal.

The District admits that it would save a considerable amount of money under its proposal, but notes that by the time the Fact-Finder issues his report, nearly ¾ of the school year will have passed and almost all of the projected savings will be lost. Further, the District notes that even though the Association has requested a full salary increase in 2015-2016 and 2016-2017, it has refused to offer a corresponding retroactive health insurance concession in those years. For this reason, the District has urged the Fact-Finder to adopt the rationale that any salary increase in the 2015-2016 school year must be reduced because of the Association's refusal to offer a health insurance concession.

B. <u>The Association's Position on Health Insurance</u>

The Association claims that the District's health insurance proposal serves to transfer costs currently being borne by the District to bargaining unit members. In addition, the Association contends that if taken as a percentage of salaries, the concessions sought reduce the District's overall offer of 10.1% over four years by 3.34% to 6.67%.

The Association also contends that it has demonstrated a willingness to share in the increased costs of health care, as demonstrated over the two previous bargaining cycles. Specifically, the Association notes that during negotiations for the 2007-2011 collective bargaining agreement, it agreed to change cost-sharing for prescription drugs from a plan with deductibles of $0/$10 to a plan with deductibles of $5/$15, and it agreed to increase overall health care plan deductibles from $50 for individuals and $150 for families, to $100 for individuals and $300 for families.

Further, the Association notes that during negotiations for the 2011-2015 agreement, it agreed to increase the premium cost-sharing for individuals from 10% to 15% + $120 commencing on July 1, 2014, and agreed to increase the premium cost sharing for families from 15% to 15% + $120 commencing on July 1, 2014. Also, the Association notes that during these negotiations, it agreed to increase plan deductibles from $100 for individuals and three hundred dollars $300 for families, to $150 for individuals and $450 for families. Finally, the Association notes that it agreed to modify the co-pays for prescription drugs from $5/$15 to $10/$20.

The Association claims that these prior agreements demonstrate its willingness to reasonably share increasing health care costs, and that as a result of its efforts, the District has been able to save hundreds of thousands of dollars over the course of the last seven years. The Association further submits that the goodwill it has shown in the health insurance matter has been a contributing factor in allowing the District to maintain its firm financial footing.

The Association concludes that there is no question the District has the financial ability to continue providing the current health care benefit without any concessions. Nevertheless, the Association claims that it is once again demonstrating a willingness to reasonably share in the increasing cost of health care, and requests that the Fact-Finder consider the sound financial condition of the District and recommend a reasonable change be made to the employee health care benefits.

C. Discussion on Health Insurance

There are three parts to the health insurance package provided to unit members: (1) basic hospitalization and medical/surgical; (2) major medical; and (3) prescriptions. Both parties have proposed changes to the existing prescription part of the plan and monthly premium contributions covering all three parts of the package.

1. Prescription plans

As in most jurisdictions, the cost of health care to the District and its employees has risen over the years. The cost to provide health insurance to District employees increased by 7% from 2014-2015 to 2015-2016, and 5% from 2015-2016 to 2016-2017.[1] Both the District and unit members bear the cost of these increases, although the District, which pays the greatest percentage of the overall cost of health insurance, bears the greater burden.

Both parties' proposals present an opportunity for them to save money on health care premiums. Using 2016-2017 rates, the Association's proposal would generate about $66,000 in savings for the District, and savings of $15.09 per month for members with family coverage and $2.90 per month for members with individual coverage. It also provides for savings for unit members co-pays. If the parties moved to the 3T5 plan, there would be a $5 reduction in co-pays – from $10 to $5 – for 81.6% of generic prescriptions obtained by unit members. For the 9.7% of unit members' prescriptions that are tier-2, the co-pays would decrease by $5 per prescription – from $20 to $15. For the 8.7% of unit members' prescriptions that are tier-3, the co-pays would increase by $10 per prescription – from $20 to $30.

[1] Over this three-year period, individual monthly premiums increased from $636 to $681 to $714, and family monthly premiums increased from $1,482 to $1,586 to $1,665.

Using 2016-2017 rates, the District's proposal would generate about $174,000 in savings for the District, and savings of $28.52 per month for members with family coverage and $12.23 per month for members with individual coverage. Co-pays for the about 81% of members' prescriptions would remain at $10, the current rate. For the 9.7% of members' prescriptions that were tier-2, the co-pays would increase by $5 per prescription – from $20 to $25. For the 8.7% of members' prescriptions that were tier-3, the co-pays would increase by $20 per prescription – from $20 to $40.

The District's proposal to adopt the 3T8 plan saves the District and unit members more money towards the cost of providing the health insurance benefit than the Association's proposal to adopt the 3T5 plan. Although there are some prescription co-pays that will rise under the District's proposal, the vast majority of co-pays – about 81.6% in a recent study – would be at the same rates that members are currently paying. There is not much comparative data in the record on this issue, but it is noteworthy that the Ithaca City School District recently changed to a 3-tier plan with the same co-pays in the District's proposal. Finally, as will be addressed further below, the savings provided by adopting the 3T8 plan can help to fund greater pay increases than have already been proposed by the District.

2. Monthly premiums

Monthly premiums for the complete health insurance package are shared by the District and unit members. Currently, unit members, regardless of whether they have individual or family coverage, pay 15% of the premium plus $120 per year. The District pays the remaining amount, which is about 84%.

The District has proposed that employee cost-sharing remain at 15% plus $120 for the first year of a new agreement and that it change to 16% in the second year, 17% in the third year, and 18% in the fourth year. It appears that the Association proposal on employee cost-sharing is linked to its proposal to adopt the 3T5 prescription plan. The Association has proposed that employee cost-sharing be maintained at $120 for the first and second years of a new agreement, and that this amount be increased to $150 in the third and fourth years.

Although the Association is correct that it has agreed to changes through the years that have increased its members' health insurance costs, it appears that District teachers with family coverage (about 66% of the unit) are paying below the average of their local peers. Comparison data introduced by the District from 2015-2016 show that District teachers pay more than the average of their local peers for individual coverage and less for family coverage. Specifically, in dollars, District teachers pay $1,344.94 per year for individual coverage compared to their local peer average of $1,211.16 per year, and $2,974.10 per year for family coverage compared to their local peer average of $3,147.15 per year. In percentage figures, District teachers pay $16.47% per year for individual coverage compared to their peer average of 16%, and 15.6% for family coverage compared to their peer average of 17%.

A factor that explains, in part, why members with individual coverage pay more than the average of their peers, while members with family coverage pay less, is the current cost-sharing formula of 15% plus $120 per year. Under this formula, $120 is equivalent to 1.4% of the cost of the individual premium, and .6% of the cost of the family premium. Thus, members with individual coverage are paying 16.4% of their premiums, and members with family coverage are paying 15.6%.

To remove the percentage imbalance in payments between District teachers with individual coverage and those with family coverage, and to bring the District closer to the average of its peers, the parties should change the employee contribution by a flat percentage. The differences in member's monthly payments that would occur if the current cost-sharing rate of 15% and $120 was changed to a flat 16% rate are calculated below using the premium rates for 2016-2017. Assuming a change to the 3T8 prescription plan, members on the individual plan would pay $3.67 less per month with a 16% rate and unit members on the family plan would pay $4.75 more per month with a 16% rate. The District's proposal of moving to 17% in the third year of a new agreement and to 18% in the fourth year would have additional costs for unit members. For each one percent added to the premium cost-sharing rate, the cost to unit members would be $6.33 per month for individual coverage and $14.75 for family coverage.

A reasonable approach for the next contract would be to fix the rate of employee cost-sharing at 16%. This would place unit members with individual coverage even with their peers and lower their actual payment. The cost of family coverage would still be below the cost to local peers, and the $4.75 increase in monthly premiums would be more than covered by the $28.52 decrease in monthly premium that would result from a change to the 3T8 prescription plan.

D. Recommendation on Health Insurance

The Fact-Finder recommends that the parties agree to move to the 3T8 plan beginning in the third year of a new agreement – 2017-2018. On the cost-sharing issue, the Fact-Finder recommends that the parties maintain the status quo for the first two years of a new agreement, then move to a 16% employee contribution for individual and family coverage beginning in the third year of a new agreement.

2. Salaries

A. The District's Position on Salaries

The District admits that it may not lead its peer group among each salary percentile, but it claims that the salaries it pays to Association members across all salary percentiles are either above, or competitive with, the averages among its peer group in the same percentiles. In support of this claim, the District maintains that its salaries in the 5^{th}, 25^{th}, and 50^{th} percentiles are higher than the peer group average, with its teachers in first place at the 5^{th} percentile. The District concedes that its salaries in the 75^{th} and 95^{th} percentiles are slightly lower than the peer group average.

1. The District contends that its teachers have fared well in recent years.

The District raises several points in support of its contention that its teachers have fared well in recent negotiations. First, the District claims that between 2007 and 2015, Trumansburg had the highest average annual percentage salary increase among the school districts in its peer group, with the District's teacher salaries increasing by an average of 3.5% per year during that period of time, as opposed to an average of 3.1% per year for the remainder of the local peer group.

Second, the District notes that overall salary increases that the Association has enjoyed since 2007 have led to gains across the board, with the District's rank in all five salary percentiles increasing between 2007 and 2015, as shown in the table below.

Salary Rank Improvements Within Peer Group 2007 vs. 2015					
	5th	**25th**	**50th**	**75th**	**95th**
Rank within Peer Group (2007-08)	**4**	**7**	**5**	**7**	**9**
Rank within Peer Group (2014-15)	**1**	**4**	**4**	**6**	**7**

Third, the District submits that its teachers' salaries have improved in every percentile relative to the peer group's corresponding averages during the period from 2007 to 2015, as shown in the table below.

Trumansburg Salaries Compared to Peer Group Average 2007 vs. 2015					
	5th	**25th**	**50th**	**75th**	**95th**
Percent of Average (2007-08)	**103.8%**	**98.8%**	**94.7%**	**95.2%**	**96.1%**
Percent of Average (2014-15)	**109.3%**	**105.3%**	**102.0%**	**96.8%**	**97.0%**

Fourth, the District claims that its teachers' average salary increases from 2008 through 2015 have nearly tripled the rise in the CPI, with the CPI increasing an average of 1.2% per year, and members' salaries increased an average of 3.4% per year. Further, the District contends that the Association's percentage salary increase has always exceeded the corresponding CPI increase during each particular year since 2008, and at no point has the annual percentage salary increase ever been less than 0.6% more than the corresponding CPI increase.

Finally, the District contends that while its final offer is very reasonable, the Association's final salary demand would put members' annual percentage increases far above its peer school districts, as shown in the table below.

Annual Percentage Increases in Teacher Salary Settlements 2007-08 through 2019-20														
	2007-08	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Avg.**
Candor	4.25	4.25	3.00	3.00	0.00	2.00	2.00	3.25	3.25	2.75				**2.29**
Dryden	3.60	3.70	4.20	2.60	2.60	3.00	3.00	3.00	3.00	3.05				**2.98**
Groton	4.25	4.00	3.50	3.50	3.50	3.50	2.50	2.60	2.70	2.70				**2.97**
Ithaca	4.25	4.00	2.20	2.00	2.00	2.00	2.00	2.00	2.00	4.50	4.00	3.00		**2.70**
Lansing	3.60	3.40	3.40	3.50	3.50	2.70	2.70	3.00	3.00	3.25	3.50	3.50	3.25	**3.17**
Newfield	4.25	4.00	3.50	2.50	2.00	2.00	3.00	3.50	2.75	2.50				**2.68**
Romulus	4.33	4.37	3.33	3.33	3.50	3.50	1.50	1.50	5.00	3.00	3.00	3.00		**3.03**
Seneca Falls	3.92	4.21	3.67	3.91	3.50	3.45	2.00	2.00	3.00	2.75	2.50	2.00		**2.70**
South Seneca	3.00	3.00	4.00	4.00	1.50	1.50	2.45	2.45	1.45					**1.87**
Waterloo	4.50	4.50	4.05	3.89	3.72	2.00	1.50	1.75	1.95	3.00	3.00			**2.50**
T'burg	**4.00**	**4.20**	**4.00**	**4.20**	**2.70**	**2.70**	**3.00**	**3.00**						**3.48**
Average	**4.00**	**3.97**	**3.53**	**3.31**	**2.59**	**2.58**	**2.33**	**2.55**	**2.81**	**3.03**	**3.13**	**2.67**		**3.07**
T'burg *TTA final demand*	4.00	4.20	4.00	4.20	2.70	2.70	3.00	3.00	**3.5**	**3.5**	**3.5**	**3.5**		**3.21**
T'burg *District final offer*	4.00	4.20	4.00	4.20	2.70	2.70	3.00	3.00	**2.0**	**2.7**	**2.7**	**2.7**		**2.74**

2. The District contends that its percentage increases are on par with average peer districts over the last several years.

The District contends that its final salary offer is more reasonable than the Association's final offer. However, the District anticipates that the Association will argue that the District's final offer would not be comparable to the annual percentage increases that teachers in other school districts have received since the start of the 2015-16 school year. The District submits that its final salary offer of 2.0%, 2.7%, 2.7%, and 2.7% annual increases would result in an overall average annual increase of 2.53% per year between 2015 and 2019. The District admits that this figure is slightly lower than the peer group average of 2.89% per year, based on other contracts recently negotiated or currently in effect in other school districts, but argues that looking at the 2015-2019 time frame in isolation is misleading because Trumansburg teachers have enjoyed the single highest percentage rate of annual salary increases since 2007 of any school district within its peer group. In support of this argument the District notes that when the amounts in its final salary offer of 2.0%, 2.7%, 2.7%, and 2.7% for 2015 to 2019 are added to the annual salary increases the Association has enjoyed since 2007, the overall cumulative annual percentage salary increase through 2019 would be 2.74% per year. The District argues that 2.74% is directly on par with the peer group's cumulative annual average over the same period of time, which is currently projected to be 2.69% per year based on existing information.

In contrast, the District contends that the Association's demand for 3.5% annual salary increases over the next four years would be excessive. In support of this contention, the District notes that when combined with the previous two contract cycles, the Association's proposal would generate a cumulative annual percentage increase of 3.21% per year between 2007 and 2019, which be significantly above the projected peer group average of 2.69% per year over the same period.The District further notes that a cumulative average of 3.21% per year would be higher than any other than any other school district in the peer group, based on currently available information about salary trends over the next several years.

3. The District contends that salary increases recommended by the Fact-Finder must be sustainable.

The District asserts that any salary increases recommended by the Fact-Finder must be sustainable, as judged by the current and projected economic climate. The

District contends that there is a 2% tax levy cap imposed on the District that plays a role in how far the District can go to reach a settlement in this matter, and that the Association has continued to ignore or disregard the fiscal realities created by the tax levy cap.

In support of this contention, the District notes that in the 2016-2017 school year, its tax levy was $9,250,582.00, and, assuming it can increase its tax levy for the 2017-2018 school year by 2.0%, it could raise through taxes an additional $185,012.00. The District further contends that the Association's proposed a 3.5% salary increase would cost the District $224,957.00, which alone would exceed the entire amount the District could raise by increasing the tax levy.

In addition, the District's contends that its other source of revenue – state aid – has not kept pace with salary increases. Specifically, the District notes that its total award of state aid has only increased 17.35% since 2007, while teacher salaries have increased 30.80% in that same period of time. Further, the District contends that there is reason to believe that recent increases in state aid may come to a halt.

Finally, the District notes that it is only of average wealth; yet, for almost a decade, it has rewarded its teachers with larger-than-average salary increases. The District contends that this has resulted in Association members moving from being paid "below average" to "average or better" in a relatively short period of time.

B. The Association's Positon on Salary

The Association is seeking 3.5% increases in each of the four years of a new agreement.

1. The Association contends that the issue of salary and health insurance are linked.

The Association argues that the issue of salary and health insurance are inexorably linked. In support of its proposal, the Association put the chart below in evidence showing the "estimated real value of parties' proposals:"

	Year	Prescription Plan	Cost Sharing	Proposed Wage Increase	Proposed Concessions	Real Increase over 4 Years
District Proposal	2015-16	2-tier: $10/$20	Fam & Ind: 15% + $120	2.0%	-	2.00%
	2016-17	3-tier: $10/$25/$40	Fam & Ind: 16%	2.7%	-2.77%	-.07%
	2017-18	3-tier: $10/$25/$40	Fam & Ind: 17%	2.7%	-.28%	2.42%
	2018-19	3-tier: $10/$25/$40	Fam & Ind: 18%	2.7%	-.29%	2.41%
						Total 6.76%
Ass'n Proposal	2015-16	2-tier: $10/$20	Fam & Ind: 15% + $120	2.0%	-	3.50%
	2016-17	3-tier: $5/$15/$30	Fam & Ind: 15% + $120	2.7%	-1%	2.50%
	2017-18	3-tier: $5/$15/$30	Fam & Ind: 15% + $150	2.7%	-	3.50%
	2018-19	3-tier: $5/$15/$30	Fam & Ind: 15% +$175	2.7%	-	3.50%
						Total 13.0%

As shown on this chart, the Association contends that the District's proposal to move from the 2T5 prescription plan to the 3T8 prescription plan would save the District nearly $174,000 a year. Further, the Association claims that because a 1% increase in salaries would cost the District approximately $60,000, the concession of agreeing to the 3T8 plan would reduce overall compensation by nearly 3%, as the figure -2.77 in the "Proposed Concessions" column shows. The Association concludes that when the effects of the concessions are added to the equation, the real increase being proposed by the District over four years is approximately 6.76%, or 1.69% per year, and that using the same approach in interpreting the Association's offer, the real increase being proposed is 13% or 3.25% per year.

2. The Association claims that the District has the ability to pay the increases the Association has proposed

In support of its claim that the District is financially able to pay the increases it has proposed, the Association reports that the District's restricted fund balance has increased from $3,177,357 in the 2012-2013 school year to $6,068,051 at the conclusion of the 2015-2016 school year. It further claims that the District's unexpended surplus has exceeded the maximum a school district can carry in each of the past five years. In addition, the Association claims that state aid to the District has increased by 23% since the 2012-2013 school year, and that projected increases in allotment for school aid for the 2017-2018, 2018-2019, and 2019-2020 school years are 4.5%, 5.1% and 5.1% respectively. The Association also notes that the District has enjoyed significant breakage as the demographics of the Association have changed.

3. The Association claims that its comparison data show that its members rank below the median on all six factors measured.

Finally, the Association claims that the 50/50 Comparison it introduced into evidence was the more appropriate comparator tool than the local peer groups submitted by the District. The 50/50 Comparison compares the 2014-2015 median salaries in the fifty districts immediately above and the fifty districts immediately below Trumansburg in enrollment, property value per pupil, income per pupil, income per return, estimated full value tax rate, and estimated total general fund expenditures per pupil. The Association notes that the data gleaned from this investigation reveals that the median teacher salary for Trumansburg ranks in the bottom half in all six factors measured. The Association claims that its proposal, if accepted, would allow its members to at least maintain their status amongst comparable school districts within the state.

C. Discussion of Salaries

In making the recommendation below, the Fact-Finder will address (1) the effect of moving to the 3T8 prescription drug plan; (2) the salary gains District teachers have made over the last ten years and their relative position among their peers; and (3) the District's ability to pay increases now and sustainably into the future.

1. Effect of agreeing to a 3-tier prescription drug plan

It appears that both parties are committed to making a change away from the 2T5 plan. The District has proposed the 3T8 plan, providing for $10/$25/$40 co-pays, and the Association has proposed the 3T5 plan, providing for $5/$15/$30 co-pays. Both changes would save the District money – about $174,000 per year for the 3T8 plan and about $66,00 for the 3T5 plan.

Both parties have referred to making a change from the 2T5 plan as an Association "concession." Further, the Association has put a value on agreeing to the "proposed concession" of the 3T8 plan as negative 2.77%, and has used this amount to calculate the overall value of the District's 2.7% wage proposal in year 2016-2017 as a negative .07% "real increase." [2] Although there are some concessionary effects in moving from the 2T5 plan to the 3T8 plan, such a move is primarily a cost-saving measure. That is because the District would save about $174,000 per year with this

[2] There may be another part of that calculation that has a minimal impact on the -2.77% figure due to the cost-sharing aspect of the District's health insurance proposal calling for a change from the employee contribution of 15% contribution plus $120 per year to a 16% contribution. The overall effect on the calculation is minimal because the District's proposal would mean a decrease in teachers' cost of individual coverage of about $40 per year, and an increase of about $80 per year for family coverage.

change, and unit members would not have a reduction in their salaries or take home pay due to adoption of the 3T8 plan. In fact, all unit members would actually receive an increase in take home pay if the 3T8 plan went into effect and cost-sharing for hospitalization and major medical remained constant. For example, using 2016-2017 rates, the monthly cost of health insurance that includes the 2T5 plan is $1,664.90, whereas the monthly cost of insurance that includes the 3T8 plan is $1,474.82. Under the 3T8 plan, teachers paying 15% plus $120 per year for family coverage would have their payments reduced by $28.51 per month. Likewise, teachers paying 15% plus $120 per year for individual coverage would have their payments reduced by $12.24 per month. For this reason, using a negative number – specifically -2.77% – to calculate the impact on agreeing to the 3T8 plan raises concerns because unit members would not be affected in this way, even though the actual amount paid by the District for the prescription benefit may be reduced by approximately this amount.

Although most unit members would benefit from a move from the 2T5 plan to the 3T8 plan, some unit members who do not prefer generic prescriptions, or are unable to purchase generic versions of their prescriptions, will have their out-of-pocket costs increased due to increased co-pays. That concessionary impact should be addressed. Unit members who use non-generic prescriptions accounted for less than 20% of all prescriptions during a recent ten-month period in 2016. Specifically, the data showing the prescription use of unit members over this period reveals that 81.6% of unit members' prescriptions were for generic medications, while 9.7% were for tier-2 medications, and 8.7% were for tier-3 medications. If the parties moved to the 3T8 plan, there would be no change in co-pays – from $10 to $10 – for 81.6% of generic prescriptions obtained by unit members. The concessionary effect of making this change would apply only to the remaining 18.4% of unit members' prescriptions. For the 9.7% of unit members' prescriptions that were tier-2, the co-pays would increase by $5 per prescription – from $20 to $25. For the 8.7% of unit members' prescriptions that were tier-3, the co-pays would increase by $20 per prescription – from $20 to $40. The concessionary effect of going to a 3T8 plan would be mitigated to some extent by the increase in monthly take-home pay, but it should also be mitigated by additional wage increases, which is the reason that the issues of wages and health insurance should be linked.[3]

2. Relative position of District teachers' salaries among their peers

The parties do not agree on the identity of "comparable communities" that should be used to compare District teachers' salaries. The District asserts that local school districts should be used, and the Association asserts that the 50/50 Comparison discussed above should be used.

For 2014-2015, the 50/50 Comparison shows that the District's median teacher salary is below average on all measures, ranging from the bottom 60th percentile when compared to the other districts by size of enrollment down to the bottom 81st percentile when compared to income per pupil. The District compares more favorably when compared with local districts. In these comparisons, the District's teachers' salaries are higher than the other districts mean and median salaries at the 5th, 25th, and 50th percentiles, ranking 1st, 4th and 4th respectively out of 10. At the 75th and 95th percentile

[3] For example, a .25% increase would net a unit member near the 2014-2015 median salary of $55,890 about $140, which could be used to offset the cost of co-pay increases.

ranges, District teachers' salaries drop below the average, ranking 6th out of 10 at the 75th percentile and 7th out of 10 at the 95th percentile. In more concrete terms, District teachers at the 75th percentile average $60,749 – about $2,000 less than their local counterparts, and District teachers at the 95th percentile average $71,770, about $2,200 less than their local counterparts.

In sum, whereas the 50/50 Comparison shows that District teachers are below average on several measures, the local comparisons only show that District teachers are below average at the high end of the salary schedule. Both data sets are useful, but another statutory impasse factor that calls for consideration of the interests of the public suggests that local comparisons should carry additional weight. This is because local citizens – who live, work, and pay taxes in the local community – would be more likely to know about and appreciate local comparisons. Given all these data, if the District desires to have all its teachers at least at the average of their peers, both locally and state-wide, some increases above those proposed by the District should be provided. The District makes the point that District teachers have made gains relative to their peers over the years, which is true, but the fact remains that there is additional work to be done.

3. Ability to pay

As discussed above in the Findings of Fact section, the Fact-Finder has concluded that the District has the ability to pay increases. The issue becomes the amount of increases it can affordably sustain. The District has expressed legitimate concerns about limitations imposed by the tax cap and the failure of state aid to keep up with increases. The District also bears the primary burden of health insurance premium increases, which have averaged 6% over the last two years.

Balanced against those concerns are two factors that support increases greater than those the District proposed: (1) the savings from moving to the 3T8 prescription plan; and (2) the savings from breakage. Given the District's legitimate financial constraints, it would not be prudent to use all these savings dollar-for-dollar, but there should be enough money in those savings to provide increases above those the District has proposed.

D. Recommendation on Salaries

For the above-stated reasons, the Fact-Finder recommends that over the term of a new agreement, the District raise salaries as shown below:

2015-2016:	2.5%	(2.0% offered by the District plus an additional .5% to improve standing of unit members relative to peers)
2016-2017:	3.0%	(2.7% offered by the District plus an additional .3% to improve standing of unit members relative to peers)
2017-2018:	3.25%	(2.7% offered by the District plus an additional .55% to improve standing of unit members relative to peers and to mitigate increased out-of-pocket costs for non-generic prescriptions)
2018-2019:	3.5%	(2.7% offered by the District plus an additional .80% to improve standing of unit members relative to peers and to mitigate increased out-of-pocket costs for non-generic prescriptions)

Summary of Recommendations

The Fact-Finder recommends that the parties adopt the following recommendations:

School Year	Salary Increase Recommendation	Health Insurance Recommendation
2015-2016	2.50%	• No changes from current • $10/$20 Rx (2T5) • 15% + $120 contribution for individual or family
2016-2017	3.00%	• No changes from current • $10/$20 Rx (2T5) • 15% + $120 contribution for individual or family
2017-2018	3.25%	• $10/$25/$40 Rx (3T8) • 16% contribution for individual or family
2018-2019	3.50%	• $10/$25/$40 Rx (3T8) • 16% contribution for individual or family

Michael G. Whelan
Fact-Finder

Date