

STATEMENT

BOARD OF SCHOOL DIRECTORS OF THE STROUDSBURG AREA SCHOOL DISTRICT BELIEVES IT IS TIME TO ENGAGE IN FACT CHECKS OF THE ALLEGATIONS OF THE STROUDSBURG AREA EDUCATION ASSOCIATION

FEBRUARY 27, 2017

<u>Allegation of the Stroudsburg Area Education Association</u>	<u>Fact Check</u>
The Board has been unwilling to compromise over the past two years and forced the Stroudsburg Area Education Association to “act” by going on strike.	FALSE. Nothing could be further from the truth. The Board has moved dramatically throughout the course of the negotiations process and has accepted all of the financial and benefit terms recommended by Fact Finder John Alfano (* On website). The Board’s January 26, 2017, proposal, which is summarized below, absolutely proves this.
The District could have saved more than \$7 million over a five year Contract.	FALSE. The current February 3, 2017, proposal of the Association costs \$15.4 million which is over \$8,000,000 more expensive than either the Board’s proposal or the Fact Finder’s Recommendation. The Board has requested that the Association demonstrate its fabricated \$7 million savings over a five year Contract period and the Association has refused to respond, since it cannot support this allegation.
The Stroudsburg Area Education Association has offered concessions of cyber/charter schooling for savings over	FALSE. Over the past two years, the Association has refused to accept cyber school language that has been in place in many surrounding school districts and throughout eastern Pennsylvania.

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\$500,000.00 per year.	Indeed, it is the Board’s position that the Association’s intransigence in introducing cyber school language has cost the District in excess of \$1 million over the past two years due to their insistent delays. This could have and should have been settled with an MOU to the current contract. Only recently did the Association say, well after the fact that they would agree to the District’s language. The District’s language is projected to potentially save the District \$500,000.00 per year, but not because of the efforts of the Stroudsburg Area Education Association.
The District spent \$205,000.00 for negotiations during the 2015-2016 school year alone, according to the District’s Annual Financial Report. The District can save immediately on negotiations by accepting our fair and affordable offer and avoid impending litigation.	FALSE. The \$205,000.00 referenced in the Annual Financial Report represents the cost of all legal fees incurred by the District and not just negotiations. Indeed, it involves two law firms, with the vast majority of the fees going to King Spry of Bethlehem, the District’s special education counsel. According to District records, legal fees amounted to \$55,000.00 per year attributable to negotiations. The Association has been made aware of this calculated cost of \$55k proven with invoices, but have chosen to report to their membership and the community in order to incur favor. It is the District’s position that it could save its legal fees for negotiations immediately if the Association were to accept the Board’s “fair” proposal based upon what a neutral third party has determined. Further, the Association continues to file spurious legal actions (grievances and unfair labor practices), including an Unfair Labor Practice alleging that the District cannot communicate to the community regarding the status of Contract negotiations, as it would constitute unlawful “direct dealing.” The District has been forced to defend these legal actions filed by the Association.
We are also seeking to maintain our job security, which has been stripped through demotions. Over the past several years, staff has	In order to meet the District’s budgetary shortfall for fiscal year 2016-2017, the District was forced to demote approximately

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<p>been reduced through furloughs and demotions. The District has threatened and executed demoting teachers to one-third time with no health benefits. These demotions and staff cuts have demoralized the staff and increased class sizes, creating an unhealthy educational environment for educators, students, and community.</p>	<p>thirteen professional employees in the District, which has been challenged legally by the Association (grievance) even though all of the demoted professional employees have found work elsewhere or have obtained long-term substitute positions in the District. The District's need to furlough and/or demote professional employees was due to a fairly precipitous decline in student enrollment from about 5,400 students to close to 5,000 students. Most recently, enrollments have begun to increase in the District to 5,087 students. The options that were explored by the District were necessitated by the steep decline in enrollment. The District Administration does not believe that this has impacted the quality of education in the District and it does not believe that there is an unhealthy educational environment for faculty, students, or the community as the result of the forced demotions. Most of the surrounding school districts, due to state budgetary cuts and the increasing costs of state retirement, have been unfortunately forced to engage in demotions and/or furloughs of professional staff. **See PASA-PASBO Budget article on website</p>
<p>The Association's healthcare proposal will save the District \$800,000.00 per year.</p>	<p>FALSE. By 2017-2018, the Association's health benefit program would result in a projected District increase of \$55,870.00 and by the 2018-2019 school year, the District's health benefit costs would increase by \$604,585.00 in that year, as well as another \$604,585.00 in 2019-2020. Albeit, the association proposal on the surface saves the district money, it is offset by the salary, step, and column movement increases (add FICA and retirement costs to the aforementioned) and the increased costs to their proposed plan. The Association's health benefit proposal does not go far enough in mitigating the costs of the richest health benefit program in the region. The Association has on numerous occasions stated that it deserves a better health benefit program</p>

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	than that received by teachers in the Pleasant Valley School District, Pocono Mountain School District, and Monroe Career and Technical Institute which provide comparable care at a more tax friendly cost.
The Association’s proposal is “fair.”	FALSE. The only individuals who are saying that the Association’s proposal is “fair” are the Association leadership. The Board’s proposal is the only proposal that is supported by an independent third party who has carefully reviewed all of the facts and circumstances involving the District including its finances. The Association has reported to its constituency, the community, and other interested parties in the District by saying that its proposal is “fair” when no one other than them is saying that.
The Association believes that the District has more than enough money to pay for its proposal from the District’s increased fund balance of in excess of \$11 million.	FALSE. Fund balances are required by bond underwriters and it is generally recommended by not only bond underwriters, but by PSEA, that the District maintain a fund balance between 5-10% of the District’s overall budget. The legal limit Stroudsburg can maintain is 8%. The District’s fund balance fits within those guidelines. Further, fund balances should not be used to pay for reoccurring expenditures, such as salary and benefits. The District Administration and the Board have pledged not to use its fund balance for this purpose. That being said, the District is of the opinion that if the Board were to accept the Association’s February 3, 2017, proposal, not only the fund balance, but the District’s resources would be depleted. The District would be on the edge of insolvency within two years without substantive tax increases. The potential tax increase is approximated to be 15.36 mills and will in all likelihood exceed the referendum limit requirements under Act 1 of 2006 due to the large amount and

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	scope of the required tax increases.

SUMMARY OF CONTRACT DIFFERENCES

The following is a summary of Contract differences between the Board’s official proposal of January 26, 2017, and the Association’s proposal of February 3, 2017:

<u>Provision</u>	<u>Board’s Official Proposal</u>	<u>Association’s Official Proposal</u>
Salary	2015-2016: No change from the 2015-2016 scale.	2015-2016: 1% plus step movement.
	2016-2017: Effective as of the date of Contract ratification, 1% overall increase on current scale plus one incremental step for those not on the top step.	2016-2017: 1% plus step movement.
	2017-2018: Effective July 1, 2017, 1.25% overall increase on scale plus one incremental step for those not on the top step.	2017-2018: 1% plus step movement.
		2018-2019: 1% plus step movement.
		2019-2020: 1% plus step movement.
Health Insurance	As recommended by the Fact Finder.	
	<u>PPO Proposed</u>	<u>Benefit</u>
	<u>In Network</u>	<u>In Network</u>
	<u>Out of Network</u>	<u>Out of Network</u>
<u>Benefit</u>	<u>In Network</u>	<u>Out of Network</u>
Deductible	\$300/\$400/\$500	\$300/\$400/\$500
Coinsurance	10% (\$750 Max OOP)	10% (\$&%0 Max OOP)
Deductibles	\$250/\$750	\$500/\$1,500

<u>Provision</u>	<u>Board's Official Proposal</u>			<u>Association's Official Proposal</u>		
	Coinsurance	20%	40%	ER Pay	\$70 waived if admitted	
	Coinsurance OOP Max	\$750/\$1/500	\$2,000/\$4,000	OV Copay/Specialist	\$10/\$20	\$20/\$40
	ER Pay	\$75 waived if admitted		Urgent Care Copay	\$20	\$40
	OV Copay/Specialist	\$20/\$30	20%	No Premium Share		
	Urgent Care Copay	\$35	20%			
		<u>PPO Proposed</u>				
	<u>Benefit</u>	<u>Retail</u>	<u>Mail Order</u>	<u>Prescription Drug Insurance</u>	<u>Retail</u>	<u>Mail Order</u>
	Deductibles	n/a	n/a	Generic/Preferred/Non-Preferred	\$10/\$20/\$30	\$20/\$40/\$60
	Coinsurance/Copayments	20%	20%			
	Minimum/Maximums	\$15/\$100	\$30/\$200			
	RX Management	Mandatory Generic (Hard) Step Therapy, Prior Authorization	Mandatory Generic (Hard) Step Therapy, Prior Authorization			
	Effective July 1, 2017, the employee's share of the premium should be increased from 3%, capped at \$50 per pay to 4%, capped at \$85 per pay.					
Tuition Reimbursement/ Credit Compensation	<p>Covered employees shall be entitled to additional compensation, as provided in the salary schedules, for additional semester credits successfully completed under the following conditions:</p> <ul style="list-style-type: none"> Credits approved and earned on or before Contract ratification, under the conditions in effect at the time they were earned, but have not been compensated due to the freeze, will remain eligible to qualify 			<ul style="list-style-type: none"> Post-master's degree/equivalency: Horizontal movement will be limited to two columns per year; Bargaining Unit Members taking an educational sabbatical will be exempt from the restrictions on horizontal movement. Column adjustments will take place once per year on October 15 – retroactive to the beginning of the 		

<u>Provision</u>	<u>Board's Official Proposal</u>	<u>Association's Official Proposal</u>
	<p>employees for salary lane compensation for the lanes in existence under the expired Agreement, at the rate of one (1) lane movement per contract year on the date of Contract ratification and July 1, 2017.</p> <ul style="list-style-type: none"> • Credits earned after Contract ratification, to the extent they are compensable, will be compensated at the BS+12, BS+24, earned MS, MS-36 and earned PhD levels; future compensable MS Equivalent will be paid at the MS salary lane for preapproved programs of study only. There shall be no advancement beyond the MS level for a MS Equivalent earned after August 31, 1994. All credits shall have been preapproved by the Superintendent or his/her designee to be eligible for any salary lane movement. • Course work submitted for salary advancement must be graduate level taken from a graduate school of education or liberal arts accredited by the regional Association, such as, The Middle States Accreditation Association of Colleges, and from legitimately accredited on-line sources. All programs of studies, individual courses, such as special interest course, including preapproved Intermediate Unit continuing professional education courses up to twelve (12) credits, and preapproved programs of study, shall be pre-endorsed and approved by the Superintendent or his/her designee to be eligible for salary lane compensation. 	<p>contract year.</p> <ul style="list-style-type: none"> • No prepayment for tuition reimbursement. • *** Copy of collective bargaining agreement on website

<u>Provision</u>	<u>Board's Official Proposal</u>	<u>Association's Official Proposal</u>
	<ul style="list-style-type: none"> • Course work taken in an area of special need, as determined by the District, is acceptable. The Superintendent may waive the graduate credit requirement when an undergraduate course, in his/her opinion and discretion, more directly meets the needs of the District. • A grade of “B” (3.0 on a 4.0) scale) or greater must be obtained to receive credit for salary lane advancement from the course work taken. • Only credits preapproved by the Superintendent or his/her designee shall be eligible for reimbursement. 	
Athletic Trainers	The District may contract with an outside vendor to provide the services currently provided by Bargaining Unit athletic trainers. The athletic trainers provided by the vendor will not be Bargaining Unit Members and will not be subject to the terms and conditions of the Agreement. This is consistent with the Fact Finder’s Recommendation.	Eliminate the stipend for athletic trainers starting 2017-2018.
Building Substitutes and Long-Term Substitutes	Effective following Contract ratification, the District may contract with an outside agency to hire building and long-term substitute teachers to fill temporarily vacant Bargaining Unit positions for the temporary absence of permanent Bargaining Unit Members. Those employees will not be Bargaining Unit Members.	Long-term substitutes will receive single coverage which includes dependents. Long-term substitutes will have the option to include spouses at the cost of \$100.00 per month.
Cyber Language	Fact Finder’s Recommendation as modified by the Board when approving the substance of the Fact	ACCEPTED.

<u>Provision</u>	<u>Board's Official Proposal</u>	<u>Association's Official Proposal</u>
	Finder's Recommendation.	
Job Security	No Contract language – Job security is provided for in the School Code.	No Bargaining Unit Member will be demoted, furloughed, or subcontracted through June 29, 2019. Immediately thereafter, in the event that the District demotes a Bargaining Unit Member, he/she must not be demoted to less than 17.5 hours per week and all seniority and recall rights will be applied the same as they are for furloughs. All newly hired professional employees must not be hired for less than 17.5 hours per week.
Duration of Collective Bargaining Agreement	Three years.	Five years.

SUMMARY OF POSITIONS OF THE DISTRICT

- The Stroudsburg Area School District pays its teachers very well. They are among the highest paid teachers, not just in Monroe County, but in the entire IU20 region of northeastern Pennsylvania. This has been the case during status quo over the past two years, as well as the previous Contract. Even without raises over the past four years, Stroudsburg's ranking in salary compensation has remained steady. Status quo will cost the district in excess of \$5,000,000 for increases in health care and retirement through 2019 (assuming an annual 8% increase in health care).
- Not only are the healthcare benefits received by the Stroudsburg teachers unheard of in the private sector, they are actually unheard of in the public sector. The Association leadership would acknowledge this. Even with the modifications suggested

by the Fact Finder and suggested by the District, the package the District is offering is still an outstanding health benefit program with only limited employee premium share of up to \$50.00 per month.

- Monroe County has the highest property taxes in the state, with limited exceptions. The District simply does not have the capacity to raise taxes in the near or intermediate term. The District will not and cannot agree to something that will bankrupt the District.
- Even if there were to be extra money in the fund balance, which there is not, the District is not a profit-sharing entity. The District makes no profits. There is no direct relationship between the uses to which the fund balance is put and what is paid to the professional staff or the support staff. The Board's fiduciary responsibility, after all expenses are covered (including compensation of staff) in the event of excess fund balance, is to use it for valid District purposes or return the excess to taxpayers.
- The teachers and the public need to know that PSEA has been one of the most militant groups opposing distributing all basic education funding through the fair funding formula. If the Association was really interested in solving the financial problems of the Stroudsburg Area School District, they should go after their own organization that is obstructing the fair distribution of state money to school districts in need.