

MEA Bargaining 2016-2017
Session #3

Thursday, July 28, 2016

Those present: Pat Barber, Sara Brown, Melissa Cohen, Scott Cooper, Jacob Davis, Deborah Houston, Helen King, Melanie Newhall, Bruce Proud, Rebecca Roberts, Don Sauer, Lesli Strickland, Bill Vogel and Dawn Walker.

Meeting began at 1:40 p.m.

Insurance Update and Impact on Dollars Available for Bargaining

Bill asked for an update on health insurance negotiations.

Pat reported that MEA still has concerns about being able to develop joint scenarios. When MEA develops scenarios management wants time to reflect. When management has Aon develop scenarios MEA needs time to analyze impact upon employees. MEA has concerns about what trend is being used to develop the overall amount needed to fund the health insurance program. After running scenarios it was determined that too many employees would be incurring too great a cost to be able for MEA to agree. MEA is willing to continue working to come up with a solution with which we can all agree. Pat reported that the health insurance committee (HIC) encountered a glitch with Aon saying that they have a policy that they can't develop scenarios with HIC without having a second actuarial review. We could work on scenarios and they could bring back. Rebecca stated that that's what we did Monday. Lesli stated that if they put out actuarial numbers it has to be peer reviewed. Bill stated that there seems to be general consensus on some scenarios. Pat stated we can go back and look at scenarios. Sarah questioned what 'too many' means. Those that get the subsidy will cause others to pay higher cost. 51% overall take employee-only coverage would not be affected. 48% are going to have an impact of some sort. Every scenario has an impact on that group. Rebecca stated that another option is to not make a change and there will be no money for salary and benefits.

Bruce stated that scenarios are based on assumptions. When scenarios are developed together the committee can determine what they mean. Bruce stated that the overall increase is not what the district has reported. Aon is using an industry trend instead of the plan's trend which has a long history. Impact is not 7%, really 11%

Rebecca stated that when we went for lower trend rate the plan's fund balance went low. We are now on point with the trend. Costs were higher than expected.

Bruce asked why not report the real trend. The actuarial trend rate is \$5 million. That's 11.7% trend.

However, the district increased the individual rate by 15% in all 3 plans. Rates are set by multiplying by Aon's standard: 1.8, 2.2 and 3. If going to use that what is the impact to overall trend.

Rebecca stated that she is responsible for fund balance. Last year an agreement was made against her better judgment to dedicate an additional \$2M for our bargaining unit. We are at or above minimum fund balance. Aon is recommending 90 or 120 days in fund balance because we are only flush with funds 1-2 months/year. We have worked collaboratively to keep the plan funded. Unless the board directs her to do otherwise that what

she will do. She will not adjust fund. There is math behind that.

We have 4412 members of fund. It would be irresponsible to use that window. We don't know what is going to happen with that fund. I'm not going to adjust the trend rate.

Bruce – shift overall increases to those with spouse and family dependents.

Rebecca – yes we are going to charge more for those with spouses.

39.2% of all employees have a spouse in MEA.

Sarah – move away from strong subsidy of spouse. Only a small # of school districts do this.

Pat – we have 40 years of experience in the district of our employees having dependents subsidized. You cannot pull the rug out from under those employees. What is the tipping point? That is the difference. The problem is we don't have any money. Ideally, you do this in a year when you have a salary increase to offset the cost shift.

Rebecca – we have to think about how it affects everyone from a para working for \$9/hr to highly paid executives.

Pat – just because we're thinking about those losing the subsidy does not mean we don't care about the others. Young people who will be asked to ratify are not only thinking about themselves today but about their futures also. They are asking themselves, what will happen to me when I do have a spouse and children?

Rebecca – I am a mother of millennials, and they are not worried about that. My responsibility that I have to be fiscally responsible for is to the district. We are working with a very constrained budget. District leadership is trying hard to find a meeting point. We can't wait until we get new millage.

We are going to want all employees to support the millage. We cannot sustain contribution given to health insurance.

Pat – can we get to the tipping point?

Bill – legislature put us in sad position. Such a small amount of money we have been given to work with.

Association wants to work with us. We need to go back to HIC figure out what we can do.

All of us have to work together.

Salary Performance Pay Scenarios

1% offer is on the table. Management tried to convert concept into what 1% would look like. Bruce asked to be provided with assumptions management used. Bill said it is 1% of money that we have available. Bill – we costed out MEA's scenario on 1%. Teachers on GF schedule and E and HE on GF and teachers HE on PP schedule would get an increase above teachers that were just E on PP. The result – 2 steps for teachers for HE and 1 step for E. Costed it out at 20% of teachers being rated HE. And 50% of teachers being rated HE. \$65,000 difference between 20% and 50% being rated HE. Management does not agree with it. Move 707 annual teachers to PP schedule. MEA's 4 steps effective, 6 steps for HE. Jacob walked the committee through the handout. Bill said that this provides additional flexibility for use of dollars. Bill also costed out another scenario that could have only individuals. Everyone on GF would get 2. HE on PP would get 3, everyone else would get 2. There are other scenarios that could be developed to address HE on GF or PP. Depending on where we end up on insurance we could discuss salary dollars. Other scenarios end up being 60-67% of difference. Jacob – we have the range of 50-75%. 33% difference to 100% difference. We tried to keep that in terms of single, non-fractional levels.

Bill – having \$300 steps gives us flexibility. Some steps \$302 or \$303. Did \$303 but \$304 accounts for \$1 difference.

We have to decide variance between E and HE, draft letter to individuals telling them what schedule they are on. There are 707 people affected.

Bruce – can consider modifying performance schedule to fix the problem long-term. \$304.

Bill – we know teachers on GF are going to be concerned that PP is higher even if just by \$1 but that's the law.

Modified Instructional Week

In reproduction of MIW MOU some things were omitted. Only intended change is the dates. Updated MOU distributed.

Contract Extension

Management comfortable with rolling contract for another year and discussing MOUs as part of that.

Bruce stated that the expectation of a \$600 increase with a minimum of \$2000 increase toward health insurance puts pressure on 40% of bargaining unit. The proposed increase to health insurance premiums would be for 7 months beginning in December. Will they be willing to ratify and will they put pressure on others to ratify?

MEA understands the pressure that the district is under.

Bill stated that 40% of bargaining unit would absorb \$2000/year. That's \$400 per month. Raise of \$606. Bill stated that he understands the association's concern.

Bruce stated that MEA doesn't want to put something out that is not going to get ratified. That delays things, creates tension and you end up at impasse. MEA is not encouraging that.

Bill stated that he is not sure where the tipping point is.

Bruce stated that there needs to be pressure put on Aon to perhaps take a closer look at trend and what's required. Employees are going to look at the reserve and say that's what we put into the reserves.

Bill suggested discussing incentives/disincentives for smokers/non-smokers.

Pat stated that we're not even getting credit for things we have done to save because Aon is using their book of business and not our trend. Our trend is almost flat; Rx is almost negative. That's MEA's concern about Aon's trend. We've already passed on cost in changes made, especially in Rx. Not inclined to make changes to plan to save money because we're not getting credit in trend towards that.

Meeting adjourned.

Future meeting: HIC meeting is needed before we meet again.

Wednesday, 8/24/16 at 4:00 p.m.