

MEA Bargaining 2016-2017
Session #6

Thursday, September 22, 2016

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

Meeting began at 4:27 p.m.

Minutes – The minutes of September 7, 2016 were distributed.

Rebecca began by responding to budget questions sent by MEA.

Q: Where did the savings of \$2.6M from combining ORBS and RGS go?

A: Into \$8.5M reserve for salary & HI

Qs: What is considered ‘other expenses’? What was included in increase in central services?

4771 is part of reserve for HI contribution. This rolls up into function 7000. Health insurance and salary reserves set aside.

Q: What is included in the increase in administrative technology?

IT – 3 positions for ERP. Several vacancies filled this year that were not filled last year. Also, a majority of software subscriptions were moved to this function.

Bruce asked how much is the HI reserve?

Rebecca stated that the total package for salary and HI is \$8.5M. \$3.7M is in 4771 because that’s what we thought we needed but we needed more.

Bruce said that did not answer the question. At end of year what was reserve in HI fund? Where is that held in the budget?

Rebecca stated that it is held in the HI fund, not the general fund budget.

Bruce asked about central services. \$5.8 million over last 2 years. What caused the increase?

Rebecca stated that \$3.7M is additional contribution to HI fund.

Bruce stated that in the previous year \$4.9M was held for HI fund contribution.

Rebecca stated that she was sure that there were other things in that \$5.8M.

Insurance discussion and Side by Side Board/Association Document Review

Bill stated that we have serious issues to discuss. We’re well apart on salary dollars and we may not be able to come together. There isn’t going to be any flexibility. Reports from Amy Baker, state economist, state that the future is bleak. We all agree that we have not accepted HI plan. If we could get that off the table then we could agree to disagree on salary. Most other areas we are probably not going to be able to come together on. If we don’t implement HI plan we go into a deficit of \$500,000/month. That money comes out of money able to pay

for salaries. The longer we don't agree on HI the less is available for salaries. The reason I haven't agreed to plan is that there may be others we like better but we are willing to accept plan that HIC recommended. Rebecca stated that the problem is that we collect HI premiums one month in advance. We begin collecting in December for '17 year. We're up against timeline because of open enrollment. If can't reach agreement on HI we're not going to be able to reach agreement in Dec. We can't roll out plan to active employees or retirees. The money has to come from somewhere. There is only one bucket. There is no more. There will be less money for salary bucket.

Bill stated that management would like to resolve HI today so we can start processing it. Perhaps this could be done by MOU. We're not going to agree on salary dollars. We totally believe teachers need to make more money. This district has suffered more than many. Without extra mil, the system has become more unequalized. Don't see how we can come up with any more money to go to the table. If we can get rid of HI it will help us all. We can't come up with anything better.

Regarding Performance Pay Bill stated that he hears concerns about Grandfathered schedule. The challenge is the money available. District is not ready to respond. MEA has made good points. There are some internal discussions going on, but the way MEA has structured it the cost is higher. More teachers would be getting same rate of pay, but we're listening.

The district is also in listening mode on developmental teachers and is willing to talk about this.

The district supports longevity.

MEA's salary proposal costs are way above what we have.

The district is listening to the para proposal. Bill thinks MEA has made good points. We can discuss.

Bill understands that Pat is working with Cyndi on the Hold Harmless MOU.

Bill stated that the longer we put off HI the less we have for salaries.

Bruce stated that he's not saying he agrees with the side by side.

Bill stated that any terminology Bruce wants to change he's open to that. Bill will take the minutes under advisement.

Bruce stated that he appreciates Bill listening but it's hard when MEA has not received from the district a more concrete proposal. Bruce said he's not forcing a proposal but trying to figure out where to go.

Bill stated that we're so far off budget wise.

Bruce suggested that we take a caucus.

Bill stated that he may be open to accepting HI recommendation.

Caucus at 4:47 p.m.

Reconvened at 5:37 p.m.

Bruce thanked Bill for giving MEA time and stated that it's good to hear reports that management has heard our concerns. MEA has been listening, too. We understand time constraints in HI issue especially for those who have been involved with insurance for 30 years. MEA is not prepared to agree tonight. Not that we may not agree to it as some point. MEA is trying to gather as much information as possible as it relates to the HI plan. Unfortunately, there is not a lot of support for the kind of increases that have been proposed by consultants. The proposal is not supported by looking at the several years of plan data. Proposed increases are hard to

swallow, especially for premiums for some employees. MEA has also heard the concern about the budget. There are constraints by the State. MEA's proposal is connected to HI. It's hard to make a proposal where bargaining unit employees would be losing money at the end of the day. This is not something we're unfamiliar with since HI plan has increased out of pocket expenses and has burdened copays, deductibles and other expenses. Salary dollars have not been flowing to allow people not to see an impact on their pocketbooks. Hearing that, Bruce presented management with a proposal.

MEA proposal dated 9/22/16 distributed to management's team.

Bruce explained that the structure of this proposal is not much different than the previous. Changes include moving from an increase of 6 to 4 levels. The number of employees used were from numbers provided by district. Longevity hasn't changed. Reduced paras from 3 to 2 steps. This was done in light of recognition of state budget crunch. MEA is concerned about employees that have not been able to catch up at all. This is a significant move in hearing about your budget concerns.

Bruce further stated that he is open to listening to concerns about developing teachers and relief for those on PP. Developing is not the same as NI.

Bill stated that he really appreciated MEA's proposal. I think this is substantial movement. In normal times it would be something we would have to do. Unfortunately, it is considerably above budget, but we will take it under advisement. Bill reiterated that he really wishes we could do something about HI. Every day that time passes we have less money. Is there anything we can do on HI to come to agreement? That's our big thing; if we can just take care of that. We see money going out that could be going in teachers' paychecks.

Bruce stated that he's not sure we're there yet. We still time for conversation.

Bruce asked Bill if he was proposing that MEA give a different HI proposal? MEA doesn't believe there is that much of a need in the plan. This year the plan ended \$2.4M to the good. Last year, the plan was \$1.4M above what needed. We're getting closer and closer to the essential amount needed, and with the \$3.7M contribution from the district we will be there.

Bill stated that he thought that the disagreement is the HI trust fund. The people management represents think we should have 90 days in that fund.

Bruce stated that when you get there is the point. As long as you're moving in the right direction no one is going to raise a concern. And I think you are moving in the right directions. HIC has done plan changes. The plan is estimated to save another \$1M if another recommended change gets implemented.

Bill stated that he is not comfortable moving money from the HI fund into salaries. Bill stated that MEA's position is that we could do that because we're headed in the right direction.

Bruce stated that no, spouses are picking up a big burden in 1 year. That's more than what you can ask for. That money will simply build reserves. MEA is struggling with asking certain employees to make plan healthier overall. The data is clear.

Rebecca stated that the projection was built to end the year with a 60 day balance, not a 90 day balance. Premium increases support ending at 60 day. She stated that management has not asked to build in additional increase.

Bill stated that if we divert some of increase into salaries we would be projected to come in short of 60 days.

Rebecca stated that HIC is making changes to increase savings but that can't be counted until we see the savings.

Bill asked how this can that be addressed. If our projections are at 60 days so let's say there is at some point we have 120 days in HI plan because HI plan running so well, is there a way of addressing we go back to the table to look at other options?

Bruce stated that the district just filed the AFR and asked how many days were reported.

Rebecca stated that we're at 77 days, not at 90. She stated that if she did this report again today we're not at 60.

Bruce disagreed. He stated that Rebecca's reports contradict that pretty clearly. Bruce stated that he has the reports, and he doesn't think that's hard to calculate. Bruce stated that he would be happy to see Rebecca's calculations. Bruce thinks the district has the reserves unless the district is spending the reserve and we don't know about it.

Rebecca stated that the district meets the minimum reserve in June because we collect premium for 2 months. Then we pay down because we don't collect summer premiums. We don't meet 60 day reserve until some day in the spring. We are usually below 60 day reserve.

Bruce stated that July claims are the lowest she has ever seen.

Rebecca stated that you can't just look at one month.

Bruce stated that he's not looking at 1 month but looking at last 7 and months before that.

Bill stated that the district got notification from regulators. The district changed to the most advantageous time. That should be something easy to address.

Bruce stated that that is not going to be easy to address for those who are having hundreds or thousands of dollars in increase in premium

Bill stated that he is not willing to take money from reserve to utilize for additional salary dollars.

Bruce said he is not asking the district to do that; just asking to reduce premium for spouse.

Rebecca stated that HIC has already done that. Original premiums discussed were 2x current HIC recommendation.

Bruce said that yet the board is proposing to pay less.

Rebecca stated that is not true.

Bruce stated that it is true.

Bill said that we've already addressed that.

Bruce stated that there are only so many ways to be generous with the same money.

Rebecca said Bruce was right. There are only so many ways we can slice and dice.

Bill said that we're over budget.

Bruce said he is not interested in moving further.

Bill said that if we don't reach agreement right now it will cause a drain of \$500,000 month. If we're not able to reach agreement now or quickly salary will be reduced. Salary money will benefit retirement; HI won't. We are probably not going to be able to go any further.

Bruce said that if we accept can't go any further, we can't go any further anyway. So, why would we?

Bill said to stop the loss.

Bruce stated that there is no loss yet.

Bill said that by the time of ratification vote or board vote, we are already one month out. If can't reach agreement let's decide what we can and can't agree on. It's not that we don't want to do more. Let's decide how to proceed. We can decide on a few things here.

Bruce stated that the ball is in Bill's court. I think we've made a lot of moves and opportunities to respond. Bill said that we will look at proposals. Let's not get into impasse on contract language. Let's agree to disagree and talk about next steps to address so there is still money for salary increases. We can respond to proposal. If there is any information we can get between now and then we'll do that. MEA proposal is that we don't raise premiums as high and divert to salaries. Your concern is that some people in the bargaining units are going to be paying more of an increase in HI than they will receive in a salary increase.

Bruce said that was correct.

Bill said we will look at that, but with all the information we have and with our budget situation I just don't see us being able to accommodate that, unfortunately. We will take this under advisement. If we're not able to address this we just need to agree to disagree and go through whatever process we need to resolve.

Meeting adjourned at 6:06 p.m. Next meeting Monday, October 3, 2016 beginning at 4 p.m.