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BARRE TOWN EDUCATION ASSOCIATION,   *
BARRE EDUCATION ASSOCIATION, VT-NEA *
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              and                 *
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THE BOARDS OF BARRE TOWN SCHOOL     *
DISTRICT, BARRE CITY SCHOOL         *
DISTRICT, SPAULDING UNION HIGH      *
SCHOOL DISTRICT, and the BARRE      *
SUPERVISORY UNION DISTRICT          *
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FACT FINDING REPORT AND RECOMMENDATIONS

BEFORE: John B. Cochran, Esq.

APPEARANCES:

For the Association: Stuart F. Russo-Savage, UniServ Director

For the School Board: Scott Cameron, Esq.

HEARING DETAILS:

Place: Barre, VT

Date: October 25, 2017

Background:

The Barre Supervisory Union, which is the largest in central Vermont, includes three separate school districts: Barre Town, Barre City, the Central Vermont Career Center

(CVCC) and Spaulding Union High School, as well as the Supervisory Union (Districts). Each district and the Supervisory Union has its own school board (Boards). The Barre Education Association, VT-NEA is the exclusive collective bargaining representative for teachers employed at the Barre City Elementary and Middle Schools and the CVCC and Spaulding Union High School. The Barre Town Education Association represents teachers at the Barre Town Middle & Elementary Schools. There is a combined total of approximately 268 teachers in the Supervisory Union, who serve 2,421 students.

The Boards and the Associations are parties to a merged collective bargaining agreement that expired on June 30, 2017. In October 2016, the parties began bargaining for a successor agreement and reached tentative agreements on many outstanding issues. Despite their efforts, however, they were not able to reach agreement on all issues and participated in mediation on April 27, 2107. Because the parties did not reach a complete agreement at mediation, they jointly selected me to serve as the fact finder.

I conducted a fact finding hearing on October 25, 2107. Both parties appeared and presented oral arguments and written documentation in support of their respective positions on the proposals that remained in dispute. Based on their submissions and arguments, I make the following recommendations concerning the disputed issues.

ANALYTICAL FRAMEWORK

As I have frequently observed, the relevant statutes regarding bargaining with school employees do not include any required criteria fact finders must apply when evaluating the merits of a parties' proposals. However, the factors set out in 21 V.S.A. Chapter 22, Section 1732(d), the Municipal Employees Labor Relations Act provides a relevant and useful framework for analyzing the parties proposals. Further, those factors mirror the general approach followed by fact finders in the absence of specific statutory criteria. I believe the most relevant criteria set out in that statute are: 1) the wages, benefits, and working conditions of similar employees in comparable communities; 2) the ability of the Board to pay increased labor costs in light of current economic conditions; and 3) the cost of living index.

Significantly, recent changes in health insurance benefits for educational employees in Vermont have altered the collective bargaining landscape in two important ways. First, the Vermont Education Health Initiative (VEHI), which provides health insurance for all school districts in

VT, decided to terminate the existing health plans, which had been grandfathered under the Affordable Care Act, and to offer four new plans with reduced premiums. Those four new plans will replace the plans currently offered by VEHI effective January 1, 2018. Although the new plans have reduced premiums, they also have higher out-of-pocket exposure for employees through increased deductibles and co-payments.

Second, as part of the state's FY 2018 budget, the Vermont Legislature enacted legislation that established a mechanism for the State to recapture the savings school districts will realize as a result of the reduced premiums under the four new health plans. Pursuant to that legislation, each school district's state education allotment will be reduced to reflect projected savings based on a formula to be applied by the Agency of Education. The formula assumes that districts will provide the Gold-CDHP Plan and pay 80% of the premium cost for that plan. It also assumes teachers will pay the remaining 20% of the premium and pay the first $400, $800, and $1,200 in out of pocket cost for single, two-person, and family coverage. Based on that assumption, the Agency of Education is charged with calculating each district's savings by subtracting its projected health care savings for the second half of FY ’18 from half of the districts FY ’17 health care costs. The State will then capture those savings by withholding 65% of the total savings from the district’s Education Fund payment in the spring of 2018 and withhold the remaining 35% from the district’s FY ’19 payment. If a district has less savings because it offers employees insurance benefits that differ from those the Agency of Education assumes will be offered, the district will still have the same amount deducted from its state educational aid allotment for FY ‘ 18 and FY ’19.

Based on the evidence and arguments presented by the parties regarding the economic climate, comparisons with existing and proposed salary and benefit levels and contract language in comparable districts, the cost of living index, and recent developments in the health insurance for educational employees in Vermont, I recommend the following:

RECOMMEDNATIONS ON ISSUES IN DISPUTE

ISSUE NO. 1

ARTICLE 10: TEACHING CONDITIONS

Current Contract Language

10.1 The length of the assigned teacher workday within each school will be substantially equivalent for all full time teachers, will be 7 hours for teachers at BCEMS and BTMES, and will be 7 hours and 30 minutes for teachers at SHS/CVCC. Individuals employed in non-regular classroom positions will be scheduled in a manner to assure accessibility by children. These schedules will be designed with staff input, with final determination by the administration.

Boards' Proposal

The Boards propose to amend Article 10.1 as follows:

10.1 Teachers are professional employees. Teachers will meet their professional obligations and structure their workday to achieve this end. The length of the assigned teacher workday with each school will be 7 hours and 30 minutes for all full-time teachers. Individuals employed in non-regular classroom positions will be scheduled in a manner to assure accessibility by children. These schedules will be designed with staff input, with final determination made by the administration.

In support of its proposal, the Boards argue that the current contract language is inequitable and creates a disparity in the length of the workday for teachers at the SHS/CVCC because their required workday is 7% longer than it is for teachers at the elementary and middle schools. Further, the Boards emphasize that this was the last issue resolved during the parties' last round of negotiations, and they agreed to the different work days to facilitate a settlement. Now, however, it is time to eliminate the internal inequity that disadvantages teachers at the CVCC/SHS complex. Finally, the Boards point out that elementary and middle school teachers in the Barre Supervisory Union have a shorter workday than their counterparts in every other surrounding district in Washington County.

Associations' Response

First, the Association argues that treating teachers the same is not the same thing as treating them equitably. In its view, teaching positions at the high school level are different than those at the elementary and middle school level, which results in different working conditions for the two groups. For example, teachers at the high school level traditionally receive more planning time than elementary teachers because of the differences in their work. Further, a majority of teachers are professional and already work longer hours than they are required to work without being told to do so. Finally, because there is a grievance pending at the Barre Elementary School dealing with this issue, the Associations' membership is not receptive to the change proposed by the Boards.

Recommendation

At the outset, it is important to emphasize that there is no dispute here that all teachers in the Barre Supervisory Union are dedicated professions, many of whom spend far more hours working that they are contractually obligated to do. For that reason, it is not uncommon for teachers to be wary of contract proposals that would formalize a longer workday. However, I find the Boards' proposal on this issue to be a fair and reasonable one, and I recommend the parties adopt it for several reasons. First, it would standardize the length of the workday for all teachers in the Supervisory Union. Although the Associations argue that different workdays are justified for elementary and middle school teachers because their jobs are different from those of high school teachers, they have not identified any specific differences that would justify a longer workday for high school teachers. Second the information submitted by the Boards reflects that the teacher work day for teachers in an overwhelming majority of the surrounding districts in Washington County is at least 7.5 hours a day and that there is no distinction between the teacher work day for high school, elementary school, and middle school teachers. Therefore, the Boards' proposal would merely bring the middle and elementary school teachers in the Barre Supervisory Union in line with their counterparts in surrounding school districts.

ISSUE NO. 2

ARTICLE 10: TEACHING CONDITIONS

Current Contract Language

10.6 An Attempt shall be made by the administration to obtain qualified substitutes for all teachers who are absent.

Associations' Proposal

10.6 An attempt shall be made by the administration to obtain qualified substitutes for all teachers who are absent. In the event that a substitute cannot be found, the administration may ask a teacher to substitute during their planning time, including teachers keeping classes scheduled for specials. Accepting a request to substitute must be voluntary for teachers and teachers will be compensated twice the rate a substitute teacher would have been paid in addition to their regular salary. In a case where there is regularly an additional teacher in the classroom who is not the teacher of record, and that teacher is asked to substitute, they will be paid the substitute rate in addition to their regular salary.

The Associations' position is that the lack of available substitutes has resulted in teachers carrying the burden of covering for absent teachers. For example, special education teachers are used as substitutes, which means that they are not available to provide services to students who need them. Therefore, because substitute teachers receive between $13.50 and $15.00 an hour, requiring the Boards to pay teachers more than substitute teachers would discourage the Boards from using regular teachers to substitute.

Boards’ Response

The Boards acknowledge it is a challenge for them to be able to find qualified substitutes to cover all classes, but they do not believe the Associations’ proposal will solve the problem. The Boards emphasize that there has historically been a spirit of cooperation among teachers and school administrators to address unforeseen absences. For example, teachers have given up planning periods to cover for an absent colleague. However, the Associations’ proposal will negatively impact this cooperative spirit.

Recommendation

Although the Boards concede there are times when they are unable to find qualified substitutes, it is not readily apparent from the facts before me how pervasive the problem is or how often teachers are asked to step in a cover a classroom during one of their free periods. If it is an occasional problem that does not overly burden any individual teacher, allowing teachers to opt out of covering classes completely or requiring the Boards to pay a significant premium to those who do volunteer to cover them could have a significant impact on the collegial climate of cooperation that exists in the schools. Conversely, if this is a regular occurrence and one that is disproportionately affecting certain teachers, particularly special needs teachers, a different approach is warranted.

Without a better idea of the extent of the problem, I cannot recommend the parties adopt the Associations' proposal. However, I do recommend the parties agree to form a joint committee to investigate the quantifiable impact of the substitute teacher shortage and make recommendations about steps the parties can take to ensure that no teachers are forced or expected to provide substitute coverage except in rare cases.

ISSUE NO. 3

ARTICLE 12: INSURANCE

Current Contract Language

12.1 The district or supervisory union will offer teachers membership in either of the following Blue Cross/Blue Shield plans provided by the Vermont School Board Insurance Trust (VSBIT): 1) the Vermont Education Health Initiative (VEHI) Dual Option Insurance Plan or 2) Plan JY Managed Benefit Plan (VSBIT Plan B). Teachers may select either single, two-person, or family coverage in VEHI or VSBIT Plan B. The district or supervisory union will contribute toward the premium costs of said plans to the percentage or amounts noted below, and teachers shall pay the remainder of the premium cost through a plan of payroll deduction. The school district or supervisory union will establish and maintain a pre-tax Internal Revenue Code 125 Premium, Conversion/Premium Only Plan for teachers' contributions to health insurance.

The Board contribution percentage will be as follows:

VEHI dual option (single, two-person, or family): 80% of the premium

Plan BJY Managed w/managed care mental health:
Single: $2,889; Two-Person: $5,695; Family: $7,659

<u>Boards' Proposal</u>

The Boards' proposal would continue the current insurance coverage and contribution rates set out in Article 12.1 through December 31, 2017. However, it is proposing the following key changes, effective January 1, 2018:

1. Teachers can elect to participate in any of the four health insurance plans that will be offered by VEHI, and may elect a single, two-person, parent and child(ren), or family coverage.

2. The Boards' premium contribution to the cost of a full-time teacher's health insurance premium will equal 80% of the premium costs for the VEHI Gold CDHP Plan. A teacher electing coverage under the VEHI Gold CDHP Plan or a more expensive group health Plan offered by VEHI will pay the difference in premium cost between the cost of the Plan selected by the employee and the amount contributed by the Board. A teacher selecting coverage under a less expensive Plan offered by VEHI may apply the District's premium contribution to the cost of the Plan selected in an amount up to but not to exceed the full cost of the annual premium for the Plan selected.

3. Teacher contributions to the cost of health insurance premiums will be made by payroll deduction on a pre-tax basis through a Section 125 Plan administered by the employer.

4. In addition to the premium contributions referenced above, the Board will establish and maintain Health Reimbursement Arrangements (HRA) for teachers who select coverage under any of the Plans offered by VEHI. Teachers and the Board will share responsibility for the payment of deductibles, co-payments and/or co-insurance required under each plan as follows:

   Gold CDHP Plan: Teachers are responsible for the following first dollar payments of OOP costs required under the level of coverage selected: $400 for single coverage, $800 for two person or parent child(ren) coverage, and $1,200 for family coverage. The Board will fund the next OOP costs of $1,550 (single coverage), $3,0100 (two person or parent-child(ren) coverage or $2,520 (family coverage through an HRA. Teachers are then responsible for the following last dollar payment of OOP costs required under the level of coverage selected: $550 for single coverage, $1,190 for two person or parent-child(ren) coverage, and $1,280 for family coverage.

   The Boards are proposing a similar division for paying OOP expenses for the other three insurance plans.

5. Unspent funds in the HRA will not roll over or accumulate from year to year, but will revert to the Board, subject to a ninety (90) day run out period.
6. The District's contribution to the cost of premiums will be pro-rated for part-time teachers who are eligible to participate in the group health plan.

7. The Board will be responsible for the administrative costs of operating the HRA plans. Any substantive or procedural issue related to the operation or administration of the HRA Plan not addressed herein in left to the discretion of the District.

In the Boards' view, the new VEHI health plans that go into effect on January 1, 2018 provide expanded benefits to employees at a significantly reduced cost. For example, teachers will receive better preventative care, well baby, and prescription drug benefits than they currently do and will pay between $549 and $1,279 less in premiums, depending on whether they chose single, two-person, parent child(ren) or family coverage.

Although the Districts in the Barre Supervisory Union will also realize a premium savings under the new plans, the state will recapture $189,380 of that savings pursuant to legislation enacted in June. According to the Boards, it will not know the actual amount of the savings it will have for eighteen months, and, in the meantime, it will lose an amount of state aid equal to the recapture figure and must assume the risk of funding an HRA to help offset the OOP costs of teachers in the Barre Supervisory Union. Therefore, the Boards have proposed a health insurance package that, consistent with the recent legislation, will ensure that teachers continue to received excellent health care coverage, hold teachers harmless for any increase in out-of-pocket expenses, and provide some savings to taxpayers.

Further, the Boards contend that, pursuant to the Associations' proposal, teachers will have a meaningful premium savings, but not share any of the risk associated with OOP expenses because they would not be required to contribute toward OOP maximums until the back end, which would be a windfall for teachers. In contrast, the Boards' proposal, which only requires teachers to share the risk of paying for OOP expenses by paying a greater amount before the Board's HRA contribution is triggered is a fair and reasonable one that is consistent with the State's intent to increase savings to the taxpayers.

<u>Association's Proposal</u>

Much of the Associations' proposal mirrors the specific provisions of the Boards' proposal. However, it differs in the following significant ways:

1. The District will fund the HRA maintained for any full time teacher participating in health plans to the following levels each Plan year (January 1 through December 31) toward the total OOP maximum for the plan chosen by the teacher: single plan = $2,100; two-person, parent child(ren), and family plans = $4,200.

2. Teachers will be responsible for payment of qualified medical and prescription expenses that track toward the annual total OOP maximum only after funds in the HRA are exhausted.

3. Payments for eligible OOP charges incurred will be made automatically to the Provider whenever possible; the District shall issue debit cards to facilitate such payments. The parties understand and agree that the use of debit cards and automatic payment options are only available in cases where the employee has established a Flexible Spending Account (FSA) under the BSU Flexible Benefits Plan from which payment for the employees share of OOP payments can be made. The BSU Flexible Benefits Plan document will allow employees to roll over funds in the employee's FSA

> from one calendar year to the next to the extent permitted by law.

The Association contends that teachers in the Barre Supervisory Union have historically paid a greater percentage of their health insurance premiums and will continue to do so. Therefore, they should not also be expected to pay a disproportionate amount of their OOP or the first dollar amount of those, particularly because that is inconsistent with how OOP expenses have been allocated in a majority of the surrounding school districts. In the Associations' view, what is most important is the health of its employees, and the Boards' proposal would act as a disincentive for teachers to seek necessary medical attention because they would have to bear the full initial expense for OOP costs.

Recommendation

There is no dispute here about how health care insurance premiums will be allocated between the parties. They both recognize that they will realize meaningful savings under the new VEHI plans that go into effect on January 1, 2018. Similarly, they agree on many other aspects of how the new health plans should be administered. Rather, the crux of their dispute about how to integrate the new health care plans into their collective bargaining agreement is how to allocate the risks associated with the increased OOP expenses for the new plans.

Using the Gold CDHP plan as the standard, the total OOP maximum for single coverage will increase from $750 to $2,500, and, for all other levels of coverage, it will increase from $1,500 to $5,000. Because the premium savings teachers will realize under the new plans ranges from $549 to $2,816, the new OOP maximums could significantly disadvantage teachers unless the districts share in part of those potential costs. Recognizing this possibility, the Vermont Legislature recently enacted legislation that, theoretically, calculates the amount a district's savings the State can recapture based on teachers not having to OOP costs that exceeded more than $400 for a single CDHP Gold Plan, $800 for a two person or parent child(ren) plan, and $1200 for a family plan.

Under the Boards' proposal, however, teachers in the Barre Supervisory Union would pay as much as $950 in OOP expenses for a single plan, $1990 for a two person or parent child(ren) plan, and $2,400 for a family plan, which would effectively erode all of the premium savings teachers would realize, and, in some cases, subject them to higher overall insurance costs than the present offerings. In contrast, the Boards would realize significant savings at the teachers' expense. Therefore, I recommend that the parties follow the trend among district like Montpelier, Washington South, and several others around the state and establish a maximum OOP expense for single plans at $400 and for all others at $800, which will still result in a significant savings in the total cost of health insurance for most teachers in the Supervisory Union.

Next, I must consider how the parties should apportion the risk of which pays the first portion of OOP expenses. According to the Boards, teachers should initially pay an amount equal to the statutorily suggest amount. However, the Associations propose that the Boards assume all of the risk. In their view, having teachers pay the first dollar amount would act as a disincentive for teachers to receive needed health care at the outset of a health concern, which would eventually increase the amount the Boards would have to pay from an HRA.

I recommend that the parties agree that teachers will assume the first $400 or $800 of OOP costs, with the Boards paying the balance of the maximum OOP costs through an HRA. Although the Association's argue that requiring teachers to pay the first dollar amount toward their OOP health care costs would cause some not to take care of their health, teachers must currently pay the entire OOP maximum.

Therefore, expecting them to pay smaller OOP costs than they do now should actually encourage teachers to attend to their health. Further, teachers in a majority of districts in Washington County and around the state have agreed to health insurance provisions requiring them to pay the first amount toward their maximum OOP costs. Therefore, asking teachers to pay the first $400 or $800 toward their health insurance is both reasonable and consistent with settlements in comparable districts.

Summary of Health Insurance Recommendation

1. The current insurance coverage and contribution rates set out in Article 12.1 will remain in effect through December 31, 2017.

2. The Boards' premium contribution to the cost of a full-time teacher's health insurance premium will equal 80% of the premium costs for the VEHI Gold CDHP Plan. A teacher electing coverage under the VEHI Gold CDHP Plan or a more expensive group health Plan offered by VEHI will pay the difference in premium cost between the cost of the Plan selected by the employee and the amount contributed by the Board. A teacher selecting coverage under a less expensive Plan offered by VEHI may apply the District's premium contribution to the cost of the Plan selected in an amount up to but not to exceed the full cost of the annual premium for the Plan selected.

3. Teacher contributions to the cost of health insurance premiums will be made by payroll deduction on a pre-tax basis through a Section 125 Plan administered by the employer.

4. The District will fund an HRA maintained for any full time teacher participating in health plans to the following levels each Plan year (January 1 through

December 31) toward the total OOP maximum for the plan chosen by the teacher: single plan = $2,100; two-person, parent child(ren), and family plans = $4,200.

5. Teachers are responsible for the following first dollar payments of OOP costs required under the level of coverage selected: $400 for single coverage, $800 for two person or parent child(ren) coverage, and $800 for family coverage. The Board will fund the remaining balance of the OOP maximum.

6. Unspent funds in the HRA will not roll over or accumulate from year to year, but will revert to the Board, subject to a ninety (90) day run out period.

7. The District's contribution to the cost of premiums will be pro-rated for part-time teachers who are eligible to participate in the group health plan.

8. Payments for eligible OOP charges incurred will be made automatically to the Provider whenever possible; the District shall issue debit cards to facilitate such payments. The parties understand and agree that the use of debit cards and automatic payment options are only available in cases where the employee has established a Flexible Spending Account (FSA) under the BSU Flexible Benefits Plan from which payment for the employees share of OOP payments can be made. The BSU Flexible Benefits Plan document will allow employees to roll over funds in the employee's FSA from one calendar year to the next to the extent permitted by law.

9. The Board will be responsible for the administrative costs of operating the HRA plans. Any substantive or procedural issue related to the operation or administration of the HRA Plan not addressed herein in left to the discretion of the District.

ISSUE NO. 4

ARTICLE 17: PERSONAL LEAVE

Current Contract Language

17.2 Up to five (5) additional days will be granted in the event of death of any of the following: the teacher's spouse, children, parents, grandparents, siblings, step children, step-parents, in-laws, step siblings, or persons considered a member of the immediate family residing within the household.

Associations' Proposal

The Associations propose to amend Article 17.2, as follows:

17.2 Up to five (5) additional days will be granted in the event of death of any of the following: the teacher's spouse, children, parents, grandparents, siblings, step children, step-parents, in-laws, step siblings, or persons considered a member of the immediate family residing within the household. Up to two (2) additional days will be granted in the event of the death of an aunt, uncle, cousin, or someone who is immediate family of the spouse. Up to one additional "funeral day" per year will be granted to teachers for the purpose of attending the funeral of a person who is not a family member.

In the Associations' view, its request to expand personal leave for the death of certain family members or others is a reasonable one. For example, they point out that, in a recent school year, two students and a staff member died, and it was important for teachers to be able to have time to attend those funerals.

Boards' Response

First, the Boards contend that they already provide other kinds of personal leave teachers can access when an extended family member or non-family member dies, and the taxpayers should not assume the cost of teachers taking more bereavement leave than they already have for that purpose. Second, they contend there are no comparables to support the additional bereavement leave sought by the Associations. Third, if there is a death that affects the entire school community the administration has and will continue to explore re-arranging schedules, like an early release to permit teachers to attend the funeral of a colleague or a student.

Recommendation

I do not recommend the parties adopt the Associations' proposal to expand bereavement leave beyond what already exists in the parties' agreement. The existing bereavement leave policy is very generous when compared with most that I have seen in teacher contracts throughout Vermont. It is also unusual to have bereavement leave cover the kind of extended family members listed in the Associations' proposal, and almost unprecedented to have it extend to any non-family member.

ISSUE NO 5

ARTICLE 23: DURATION

Boards' Proposal

The Boards propose that the parties agree to a one-year contract. They contend there are three separate boards with three separate budgets, and Barre City has dominance on the Spaulding High School Board and a disproportionate impact on the available money to fund a new agreement and the ratification of any agreement the parties reach. Further, the Boards assert that they are facing looing funding challenges and uncertainty about how the recent health insurance changes will play out. In light of this uncertainty, it would not be responsible for it to agree to an agreement that is longer than two years.

Associations' Proposal

The Association proposes a two-year agreement. In its view, it makes no sense for the parties to expend the time and resources to continually bargain, and if the parties agreed to a one-year contract, they would have to begin bargaining almost immediately.

Recommendation

I appreciate the Boards' concern regarding uncertainty about future budgets and potential health insurance changes. However, every time parties negotiate a new agreement, there is no guarantee about what will happen with the economy, state educational reimbursement, local budgets, or legislative action during the life of their new agreement. Further, based on my experience in Vermont over the past several months, there is finally some clarity about health insurance, at least through June 2019. Further, based on extensive experience in collective bargaining, I firmly believe that ongoing bargaining has a negative impact on the stability of any collective bargaining relationship. Therefore, I recommend strongly that the parties agree to a two year agreement, which will give them time to assess external factors and provide them with an opportunity to focus on the mission of serving the educational needs of the students in the Supervisory Union, without the distraction of continual bargaining.

ISSUE NO 6.

APPENDIX A: SALARIES

Associations' Proposal

The Associations are proposing new money increases of 4.5% each year for 2017-2018 and 2018-2019. In support of its proposal, they argue that teacher salaries in the Barre Supervisory Union fall at the low end of the middle range among districts in central Vermont. Even with a 4.5% increase each year, teachers in the Supervisory Union will not advance in relation to their peers in surrounding districts. Further, current elementary teacher salaries are between 7.6% and 13.14% below the state average and significantly lower than those in neighboring districts. Therefore, for teachers in the Supervisory Union to keep from losing ground and to remain competitive, increases in the range proposed by the Associations are necessary.

Next, the Associations contend that the economic indicators in Washington County generally, and Barre specifically reflect that the taxpayers will not be adversely affected by 4.5% increases. It points out that Vermont income taxes are lower than those in many other states, and the effective tax rate for Barre is significantly lower than any other community in the county.

Further, the unemployment rate in Barre is declining and the county has the third lowest unemployment rate in the state. In addition, public school teachers in the Supervisory Union are at a significant economic disadvantage when compared with similar professionals in the private sector. Therefore, the Associations' salary proposal is reasonable in light of the background economic data and the parties' mutual interest in attracting and retaining the best teachers.

<u>Boards' Proposal</u>

The Boards are proposing a 2% new money increase for 2017-2018, which includes a base increase of $155 and an increase of $274 for teachers at the top of the salary scale. The Boards assert that, over the past four years, teachers in the Supervisory Union have had salary increases that far exceed increases in the cost of living. Further, the current rate of inflation is 2.2%, which is in line with the Boards' salary proposal.

Although the Boards acknowledge that Washington County is relatively prosperous, the median adjusted income for Barre City is well below the state average and significantly lower than Barre Town. That is significant, the Boards contend, because Barre City taxpayers routinely have rejected school budgets. Similarly, both communities recently rejected the Spaulding High School budget. Therefore, it is unlikely taxpayers would approve a budget that included salary increases like those proposed by the Associations.

Next, the Boards assert that the work force in central Vermont is aging and declining, which discourages new businesses. As a result, schools in the Supervisory Union are experiencing declining enrollment, which impacts funding and its ability to pay. Similarly, unfunded state and federal mandates and the increasing costs associated with maintaining aging school facilities has a direct impact on the available resourced needed to fund salaries beyond what the Boards are proposing. Therefore, the Board believes its proposal is a reasonable and prudent one that fairly balances the need to keep teacher salaries above the inflationary curve and simultaneously do what is best for the taxpayers of the Supervisory Union.

Recommendation

There is no magical formula for determining what constitutes a fair salary increase that will provide teachers with a reasonable increase, without imposing an onerous economic burden on the school district or taxpayers. Rather, it is necessary to balance all of the relevant factors. Here, I believe that new money salary increases of 2.9% and 3% new money in each year of a two-year agreement reflects the proper balance, and I recommend the parties agree to increase salaries by that amount each year of a two-year agreement.

My salary recommendation is based on the following factors. First, increases in the cost of living to date this year is 2.2%, which is slightly higher than the Boards' proposal, but far below the salary increase the Associations are seeking. However, the inflation index is only one component of my analysis. Equally important are the ability of school districts to pay larger increases and the ability of teachers to remain competitive with their colleagues in comparable districts.

Here, the Boards have cited declining enrollments, unfunded state and federal mandates, and aging facilities as factors that are affecting its ability to pay salary increases beyond the 2% it is proposing. Understandably those are potential costs will have an impact on budgets and the amount of money left over for teacher salary increases. However, I am not convinced that those economic contingencies are severe enough at the present time to make it impossible for the Boards to afford an increase of greater than 2%. At the same time, the 4.5% increase proposed by the Association might well stretch the Boards' resources beyond their limits.

As the Boards assert, salary increases for teachers in the Supervisory Union over the past four years have been more than doubled increases in the cost of living. At the same time, those teachers still fall in the middle of the salary range for central Vermont. If the teachers are to maintain their relative position in comparison with their counterparts in surrounding districts, they must receive salary increases that are within the same range as neighboring districts are paying. Recent settlements in central Vermont have averaged 2.89% for 2017-2018 and 2.97 for 2018-2019. Therefore, I am convinced that, if teachers in the Barre Supervisory Union are to maintain their relative salary standing without placing an undue financial burden on the Boards, fair and reasonable salary increases for each year of a new contract would be a 2.9% new money increase for 2017-2018 and a 3.0% increase for 2018-2019.

ISSUE NO 7.

APPENDIX B: CO-CURRICULAR COMPENSATION

Current Contract Language

1. High School Department Heads will be compensated as

follows:

%of base salary for each contract year	
Supervising ten (10) or under	7.00%
Supervising eleven (11) or over	10.00%
Fine Arts Department, K-12	11.00%

Department heads who supervise more than one budget will be paid a $500 stipend until there is an approved reorganization plan that equalizes the responsibilities and conditions of department head work. If no such plan is agreed to, the stipend continues each year of the contract.

Associations' Proposal

Department Heads will be compensated as follows:

10% of base salary for each contract year.

Should the administration deem necessary, the department head job may be shared equally be two individuals (co-department heads) at 5% of base salary for each contract year, or may designate a department head and assistant department head compensated at 7% and 3% respectively.

According to the Associations, teachers have been placed in inappropriate departments to keep the size of the department at the lowest stipend amount. Therefore, The proposal would standardize the stipend for all Department Heads at 10%, which is in keeping with stipend levels in comparable districts. Further, the Associations assert their proposal would allow for splitting the Department Head duties and allocating the stipend between those performing the duties.

Boards' Response

The Boards' position is that an increase in the Department Head stipend is not warranted because they receive release time in addition to a stipend. However, the Boards are not opposed to having more than one individual share the Department Head role.

Recommendation

Although it makes senses to have a uniform stipend for all Department Heads and to provide a mechanism for more than one person to share the Department Head duties and the stipend, I am not convinced that a 3% increase in the stipend for most Department Heads is warranted at this time, particularly in light of my salary recommendation. Therefore, I recommend that the parties agree to a standard stipend of 8% of base salary for Department Heads, with the understanding that those positions and the stipend may be shared, as the Associations propose.

Respectfully Submitted,

John B. Cochran, Fact Finder

November 24, 2017