

AN OPEN LETTER TO THE NEW HOPE SOLEBURY COMMUNITY
FROM THE BOARD OF SCHOOL DIRECTORS
REGARDING
TEACHER CONTRACT NEGOTIATIONS

July 7, 2010

Dear New Hope Solebury Community Members:

In an effort to keep our community fully informed, the Board of School Directors is providing this update on our contract negotiations, particularly as they pertain to the issues of salaries and health care costs as together they are the primary budget drivers. The School District's collective bargaining agreement with the New Hope Solebury Education Association (NHSEA) expired on Wednesday, June 30. Negotiations for a new agreement are ongoing, but unfortunately the parties do not appear to be close to an agreement. We are hoping that representatives will continue to meet in July and August to try to reach agreement.

BACKGROUND

Before providing details on the issues involved, the Board of School Directors wishes to reiterate the high regard we have for the capabilities and efforts of our teachers. New Hope-Solebury enjoys a stellar reputation across the state and outside of it for the quality of our schools. Not only does this excellence benefit our students in numerous ways, but it also contributes in a meaningful manner to the quality of our community. This is an advantage for all taxpayers, not just those with children in the schools. As much as any factor, our teachers play an integral role in this success. We applaud, appreciate, and admire them for it.

When the economic situation allows, we do what we can to demonstrate our sentiments in a practical manner. This is what happened during the last contract negotiations in 2005, which saw average salary increases of approximately 5.5% per year, and salary increases totaling more than 25% for the five-year term of the contract. All of this occurred during a generally good economy. However, much like we all shared the benefits of those prosperous times, we must all share in the burdens associated with the current environment. Almost 90% of our funding comes from local tax sources including the earned income tax, property taxes, and real estate transfer taxes. It is no secret that the economic situation has affected our local revenues significantly. Our revenues have notably decreased. Consequently, it is incumbent upon the Board to negotiate within the reality of a reduced environment – much as the previous Board did within the reality of the previous prosperous environment. In the end, our goal remains as it was during better times, to ensure that the quality of New Hope-Solebury education continues to benefit the children and community, while appropriately balancing the needs of both stakeholders. We need to be both academically and fiscally responsible.

This is where we stand on the issues of salaries and health care:

I. SALARIES

Teacher salaries and health benefits represent approximately 40% of the total school district budget. Teachers currently have a salary schedule that provides movement on a grid based on years of service and educational credits. This “increment” averages about three percent (3%) per year. The Union has proposed a five-year agreement with increases for salary and step movement as follows:

	<u>Salary Increase</u>	<u>Approx. Increment</u>	<u>Approx.</u>
<u>Total</u>			
2010-11	3.0%	3.0%	6.0%
2011-12	3.0%	3.0%	6.0%
2012-13	3.25%	3.0%	6.25%
2013-14	3.25%	3.0%	6.25%
2014-15	3.25%	3.0%	6.25%

Due to our uncertain economic times, the district has proposed a three-year Agreement, rather than a five-year agreement. Our proposal would multiply the Teacher salary base times the Act 1 index base percentage. The result would be used to cover teacher salaries including increment and adjustments to the salary grid. (The Act 1 base percentage is what the state allows us to increase the school district budget, with certain exceptions, without going to the public for approval through a voter referendum. Anything beyond the Act 1 index and limited exceptions has to be approved by the community through a voter referendum.)

For example, in Year 1, the Teacher salaries currently are \$10.8 million and the Act 1 Base rate for 2010-2011 is 2.9%. 10.8 million times 2.9% yields \$313,000 available to cover the increment and increases to the salary grid. We propose a total salary increase for 2010-2011 of 2.9% or \$313,000 to spread around the salary grid however the union desires.

This compares to the Union's proposal in Year 1, which is approximately 6.0% and costs approximately \$610,000.

Additionally, beginning in Year 2 (2011-12), the District proposes that new teachers would be hired at the starting salary, but would not be placed onto the salary matrix or the salary grid. This group of new teachers and all future hires would receive negotiated percentage increases. Current teachers would continue to be “grandfathered” into a salary matrix; however, over time, the complicated salary matrix would be gradually eliminated, along with the increment component of the teacher salary grid.

The district proposes subsequent year salary increases for teachers covered under the current contract to be tied to the annual Act 1 index rate, as it is released by the state each year. The precedent of offering the Act 1 index began in 2008 when the District entered employment contracts with our Administrative staff under their Act 93 agreements, which provides for percentage increases equal to the Act 1 index for satisfactory performance. In addition, even though he was entitled to a pay increase under his employment contract for 4.1% for satisfactory performance, our Superintendent, Dr. Raymond Boccuti, voluntarily accepted a pay increase for the upcoming school year limited to the Act 1 index of 2.9%.

II. HEALTH CARE

At \$2 million, teacher health care costs represents six percent (6.0%) of the total budget. These costs have risen more than 25% since the last contract was signed. Teachers pay between four and six percent (4 and 6%) of their annual health care premium depending upon their salary.

The Union has proposed two alternatives:

Alternative 1 is the current Plan with the premium share increased to 8%; 9%; and 10% by income group in Years 1 and 2; and to 10%; 11% and 12% thereafter.

Alternative 2 is a Plan 5/15/70 (\$5.00 for a doctor visit and \$15.00 for a specialist). This Plan saves the District only about \$80,000 from the current Plan.

The Union proposed a premium share of 3%; 4%; 5% by income group in Years 1 and 2; and 5%; 6%; 7% thereafter for this 5/15/70 Plan.

On health care, the District proposed no health care change in Year 1.

In Year 2, the District would change from the current health care plan to Blue Cross' 10/20/70 Plan which is the Plan most commonly used by school districts in Bucks County. Under our proposal, teachers would pay 12.5% of the premium, which is more in line with what other school district teachers pay for their health care plans. The 10/20/70 plan requires \$10.00 for a doctor visit and \$20.00 for a specialist. Our proposal will save the District \$200,000 over the current budget while not materially affecting the quality or availability of the health care made available to our teachers.

CONCLUSION

In sum, we take great pride in the quality of the education our teachers provide here in New Hope-Solebury. As a Board we are committed to maintaining those standards by doing what we can in this challenging economic environment to recognize, reward, and recruit the best teachers for our students. We are especially proud that we were able to achieve our budgetary goals without laying off a single staff member this year. While we cannot afford to be as generous relative to salary increases and benefits as we have in past years, we're confident that we're offering a

reasonable package that will meet our commitment to excellence while appropriately balancing it with the realities of the times in which we all find ourselves.

We hope to continue to negotiate with the teachers during the summer months and have a contract in the Fall. In the event that we do not have a contract prior to the start of school, please understand that teachers would be able to work under their current contract, at “status quo” which means salary is frozen at last school year’s contract levels and health care options remain the same as the previous school year. Our school board is committed to keeping our community informed and we will continue to provide you with updates as they become available. We always welcome hearing from members of our community and invite you to share any comments you may have with us at our board e-mail address at: schoolboard@nhsd.org. You may also send written correspondence to: *New Hope Solebury Board of School Directors, 180 West Bridge Street , New Hope , PA 18938 .*

Sincerely,

The New Hope-Solebury Board of School Directors