**IN THE MATTER OF FACT-FINDING
BETWEEN**

PERRY BOARD OF EDUCATION	)	**CASE NO. 08-MED-01-0061**
	)	
	)	
AND	)	
	)	**FINDINGS**
	)	**AND**
PERRY CLASSROOM TEACHERS ASSOCIATION	)	**RECOMMENDATIONS**
	)	

JAMES M. MANCINI, FACT-FINDER

APPEARANCES:

FOR THE BOARD

David J. Millstone
Attorney at Law

FOR THE ASSOCIATION

Dennis F. Peltola
OEA Labor Relations Consultant

SUBMISSION

This matter concerns fact-finding proceedings between the Perry Board of Education (hereinafter referred to as the District or Board) and the Perry Classroom Teachers Association (hereinafter referred to as the Association). The State Employment Relations Board (SERB) duly appointed the undersigned as fact-finder in this matter. The fact-finding hearing was held on July 11, 2008.

The fact-finding proceeding was conducted pursuant to the Ohio Collective Bargaining Law as well as the rules and regulations of SERB. During the fact-finding proceeding, this fact-finder attempted mediation of the issues at impasse. The issues remaining for this fact-finder's consideration are more fully set forth in this report.

The bargaining unit involved consists of all regular (non-substitute) professional certificated staff members of the Perry Local School District. There are approximately 123 employees in the bargaining unit represented by the Association.

This fact-finder in rendering the following findings of fact and recommendations on the issues at impasse has taken into consideration the criteria set forth in Ohio Revised Code Section 4117-9-05(K). The parties agreed that this fact-finder could issue his recommendations in summary fashion.

1. SALARY / STRS PICK-UP

The Association proposes that the base salary be increased by 3% during the first year of the Contract. There would be no further increase in the base pay during the final two years of the Contract. However, the Association would propose the Board provide annual stipends in the amount of 2% of an employee's base salary in each of the final two years of the Contract.

The Board proposes that there be no increase on the base salary during the term of the new Contract. The Board proposes that there be annual stipends of 2% of an employee's base salary in each year of the Contract. In addition, the Board proposes a one time payment or a Max-Out Bonus of 2.5% of the employee's salary for those bargaining unit members who are either at the top step of the salary schedule or who reach it during the Contract. As part of its overall salary proposal, the Board also proposes to add two additional one time longevity bonuses at Steps 25 and 30 in the amount of $2,500 and $3,000 respectfully. Additionally, the Board has proposed a new salary schedule to be placed into effect for those individuals hired for or after the 2008-09 school year.

The Association contends that an increase to the base salary is justified considering that there has been no such increase during the past six years. During that time, the Association agreed to accept annual stipends in lieu of base salary increases in order to help the District to address the Board's concerns about the projected loss of revenue from the Perry Nuclear Power Plant. However, the Association submits that the

District is fiscally healthy at the current time and can afford its proposal to increase the base salaries by 3% in the first year of the new Contract.

The Association presented an analysis of the Board's finances which indicate that at the end of fiscal year 2007, the District had an unencumbered General Fund balance of approximately 13.3 million dollars. Its own forecast is that for the end of fiscal year 2008, the District will have a balance of approximately 13.7 million dollars. As attested to by Andy Jewell, OEA's Research Consultant, such a fund balance which is about forty percent of the District's budget clearly shows that it is in a strong financial position. Mr. Jewell indicated that in four of the last five years, the District took in more revenue than it spent. The District also has one of the largest capital improvement funds in the state.

The Association also produced evidence that wage settlements for teachers statewide have averaged about 2.5% during this past year. The Association's proposal for a 3% wage increase is clearly modest and should be adopted.

The Board contends that the Perry Local School District faces an uncertain economic future that is precarious. The Board notes that in 1986 the new Perry Nuclear Power Plant infused the District with substantial new tax dollars. As a result, the Perry teachers became the highest paid in Lake and Geauga counties. However due to the state's deregulation of utilities and the reduction in their tax valuation, the District has seen its tax revenues from the Perry Nuclear Power Plant reduced by approximately 10.5 million dollars annually. However, the state has made up the tax shortfall and plans to do so through 2016. At that time, the Board will lose over one-third of its annual revenues. The Board points out that in order to make up for the loss of such a significant amount of revenue it will have to go to the voters to pass a levy. In order to do so, the Board believes that it is necessary to show that it is fiscally responsible by bringing employees' salaries more into line with those found in other districts. It is for that reason the Board does not propose any increase on the base salary but rather proposes to continue with the 2% stipends which have been provided to the bargaining unit during the past six years.

The Board also maintains that the 2% stipends matches that which was agreed upon with the support staff, administrators and exempt employees in the District. As indicated, the salaries paid to Perry teachers are the highest in the area. The teachers' salaries are also far above the median earnings in the community. For that reason, there is no justification for a proposed permanent increase to the base salary which would present difficulties in getting a levy passed to make up for the loss of significant revenue which the District is facing.

ANALYSIS – This fact-finder has determined after careful review of the evidence submitted that there should be no increase in the base salary as proposed by the Association. However, this fact-finder would recommend a 2.5% stipend in the first year of the Agreement, with 2% stipends in each of the final two years of the Agreement. In addition, this fact-finder would recommend a modification to the salary schedule which would provide for a new Step 19 at the MA+15 column with the current salary being increased by 2.5% to become $72,654. The new Step 19 for the MA+15 column would become effective in the first year of the Agreement. Under this fact-finder's recommendation, there would be no Max-Out Bonus as proposed by the Board. There would also be no new longevity provisions as proposed by the Board. Likewise, this fact-finder does not recommend that there be a separate new salary schedule for those hired on or after the 2008-09 school year. However, it is recommended that there be no STRS Pick-Up for new hires beginning in the first year of the Contract.

The above referred to recommendations are based upon a clear showing that the District is facing severe financial difficulties due to the projected loss of revenue from the Perry Power Plant. It was shown that the District will lose over one-third of its revenue as a result of the deregulation of the utility plant. It is undisputed that in fiscal year 2016 the District will face a loss of 10.5 million dollars in revenue. In order for the District to make up for such a significant loss of revenue it will need to go to the voters to pass a levy. It is apparent that for the District to have any chance to pass a levy to make up for the shortfall in revenue, it must show fiscal responsibility by bringing teacher salaries more into line with those found in other districts and taking steps to reduce expenditures per pupil. The per pupil expenditures in Perry is much higher than found in other school districts in Lake and Geauga counties. Considering the District's need to bring expenditures for teacher salaries into the main stream in order to have any chance to pass a levy, this fact-finder finds that it would not be in the best interest of the District to increase base wages by 3% as the Association has proposed. Therefore, this fact-finder finds that annual stipends would be appropriate in the instant case.

There is other evidence which supports this fact-finder's recommendation that annual stipends rather than a base wage increase is appropriate for the bargaining unit at this time. First, there is a showing that the salaries for Perry teachers are at the top of those provided to teachers in the area. It was shown that the District has the highest starting salary out of the sixteen districts in Lake and Geauga counties and the third highest salary at the MA +12 step. The comparison includes not only the teachers' starting salaries but the additional stipend and pay for professional days as well as the Board's pick-up of STRS for the Perry teachers. It was also established that the medium teacher salary in Perry is $71,826. As even the Association's financial expert acknowledged, this represents one of the highest salaries in the state. There is every indication that with the stipends recommended herein, the salaries paid to Perry teachers will remain at or near the top even in the second and third years of the Agreement.

This fact-finder has also taken into consideration the evidence showing that the support staff employees of the District recently negotiated a new contract which does not contain any general salary increase but rather continues with 2% stipends for each year of the contract. Other non-bargaining unit and administrative employees also did not receive any general wage increase. Moreover, this fact-finder must take into consideration the parties' past Collective Bargaining Agreements. In the last two agreements entered into between the Association and the Board, there have been no general increases to the salary schedule with only stipends being provided. The

Association obviously recognized in past agreements that the District was facing a precarious financial future and for that reason it agreed that a stipend was a fair way to compensate teachers without placing the District at even greater risk as its revenues decline. Even under such past contracts, as previously discussed, the District's salaries remain among the best in the area when all compensatory factors are included. Therefore, past Collective Bargaining Agreements and the comparison with other District employees support this fact-finder's recommendation that there be stipends in each year of the Contract with no general wage increase in the base salary of the bargaining unit.

This fact-finder finds that it is reasonable to recommend a new Step 19 for the MA+15 column. The current salary would be increased by 2.5% to become $72,654. Such a provision will serve at least in part to address the Association's concerns regarding a salary increase for those at the top step. Under this recommendation, there would be no Max-Out Bonus as proposed by the Board.

This fact-finder has further determined that there was insufficient basis established by the Board for its proposal to establish a separate wage schedule for new employees hired for the 2008-09 school year and later. However in order for the Board to achieve some future cost savings, this fact-finder finds that it would be reasonable that the Board not provide an STRS Pick-Up for new hires. It was shown that such an STRS Pick-Up is quite costly for the District.

RECOMMENDATION

It is the recommendation of this fact-finder that the following Salary / STRS Pick-Up Provision be included in the parties' Agreement as more fully set forth below:

SALARY / STRS PICK-UP

1. Retain current Salary Schedule - No increase in base salary as proposed by the Association. No new Salary Schedule for employees hired for or after the 2008-09 school year as proposed by the Board.

2. Stipends

   a. 2.5% of an employee's base salary payable 9/15/08.
   b. 2.0% of an employee's base salary payable 9/15/09.
   c. 2.0% of an employee's base salary payable 9/15/10.

3. Steps – Add to Salary Schedule - Step 19 MA+15. Current salary to be increased by 2.5% and to become $72,654. No new Max-Out Bonus as proposed by the Board.

4. STRS – Current STRS Pick-Up Provision shall be retained. However, for employees hired for or after the 2008-09 school year, the STRS Pick-Up shall not be provided.

5. Longevity – Current language, no change. No new longevity provision as proposed by the Board.

2. MASTERY LEARNING TRAINING

The Board proposes to add a Benchmark IV at $1,000 as Standards-Based Learning and to replace the one UBD unit needed to qualify for the $1,000 Benchmark to three units annually. The Association requests that the current one UBD unit needed to qualify for the $1,000 Benchmark be retained. The Association agrees to add Benchmark IV in the amount of $1,000.

The Board argues that the one unit annually which is the current provision does not provide the value which it believes should be created for the additional compensation. Most teachers in the District took advantage of the opportunity to obtain the additional Master Learning Training compensation. By requiring three UBD units which are to be approved by the Assistant Superintendent, this would ensure that there will be continued value provided for the services performed. The Association claims that it is not feasible to complete more than one new UBD annually. The Association submits that the UBD units are time consuming and typically involve a year long class. The current one UBD unit language should be retained.

ANALYSIS – This fact-finder would recommend that in order to be entitled to the $1,000 Benchmark, teachers are to submit and implement two UBD units annually. That is, the teachers are to develop and submit a minimum of two UBD units annually to be approved by the Assistant Superintendent or his designee to reach Benchmark IV. The parties are in agreement that an additional Benchmark IV is to be added at $1,000 to the Mastery Learning Training Provision.

The Mastery Learning Training program was a new provision in the last contract and was intended to provide teachers with an opportunity for continued professional learning with pay for completion of different levels. Most teachers in the District took advantage of the opportunity. The evidence indicates that two UBD units are achievable each year. It would be reasonable to provide that teachers develop, submit and implement a minimum of two new UBD units annually in order to qualify for the $1,000 Benchmark.

RECOMMENDATION

It is the recommendation of this fact-finder that with respect to the Mastery Learning Training Provision the following be provided:

MASTERY LEARNING TRAINING

Add Benchmark IV at $1,000

Master Learning Endorsement

Teachers have the opportunity to develop, submit and implement a minimum of two (2) new UBD units annually to be approved by the Assistant Superintendent or her/his designee to reach Benchmark IV. It is understood that the units developed will be shared with grade-level and/or content specific teaching colleagues.

3. EARLY RETIREMENT INCENTIVE

The Board proposes to eliminate the Early Retirement Incentive Provision. The Association proposes to retain the Early Retirement Incentive Provision for the term of the new Contract.

The Board contends that the retirement incentive plan has not proven to serve as an incentive for early retirements. The program has become a retirement bonus rather than an incentive and should be eliminated. It simply has added an additional expense onto the Board.

The Association maintains that the Early Retirement Incentive Provision is reasonable and should be retained. It has served as an incentive for teachers to retire.

ANALYSIS – This fact-finder would recommend that the current Early Retirement Incentive Provision be retained. There was insufficient basis established for eliminating this provision. The evidence indicates that the plan has served as an incentive for early retirements. It should be noted that the Association agreed to some of the language modifications made to the Early Retirement Incentive Provision by the Board. Therefore, this fact-finder recommends the Early Retirement Incentive Provision as modified in the Board's proposal.

RECOMMENDATION

It is the recommendation of this fact-finder that the current Early Retirement Incentive Provision be retained with slight modification as follows:

EARLY RETIREMENT INCENTIVE

Effective for the term of this Agreement, a bargaining unit member shall be entitled to an early retirement incentive of forty thousand dollars ($40,000) if he/she meets all the requirements of this Section and retires during his/her first year of eligibility (see definition of "first becomes eligible" and "first year of eligibility" and program exclusions below). Those individuals who first became eligible during the 2005-06 or 2006-07 school years are no longer eligible as they did not elect this benefit under the Early Retirement Incentive Program of 2006.

The remaining sections of the current provision shall be retained with no change.

4. WORK YEAR

The Board proposes to reduce the current eight additional in-service days that is provided to teachers at the rate of $300 per day. Under the Board's proposal, in-service days would be reduced to six days in the third year of the Agreement. In addition, the Board proposes that the work year be increased from 183 to 184 days plus the four additional in-service days at $300 per day.

The Association proposes to keep the in-service days at eight full days at $300 per day. It also seeks new language that the in-service days from 8:00 a.m. to 3:00 p.m. include a one hour lunch. The Association proposes to keep the remainder current work year contract language. Under the Association's proposal, the NEOEA day would not be included in the school calendar.

The Board argues that the current guarantee of eight professional days with the payment of $300 per day is a benefit other school districts do not have. The Board's proposal is an effort to begin to become better aligned with other school districts so the District can cope with its economic difficulties.

The Association contends that the current benefit which provides bargaining unit members with eight full days of in-service at $300 per day should be retained. The Board failed to establish any basis for reducing this particular benefit.

ANALYSIS – This fact-finder would recommend that the Board continue to pay each teacher $2,400 for the required eight days of in-service beyond the 183 day school term. There should also be a one hour lunch provision provided as both parties proposed. With respect to the remainder of the current Work Year Provision, this fact-finder would recommend that it also be continued without any change. In addition, the NEOEA day is not to be included in the calendar.

This fact-finder recognizes that a guarantee of eight professional days at a payment of an additional $300 per day is a benefit that teachers in other districts do not have. However, this fact-finder was not convinced that this benefit should be reduced or taken away from the bargaining unit at the present time. As previously discussed, this fact-finder is not recommending the Association's proposal to provide an increase in the base salary. Rather, the recommendation is for a continuation of the annual stipends so that the District can move forward in addressing its financial concerns. As a result, this fact-finder does not find that it would be reasonable to reduce the in-service benefit currently provided to the bargaining unit.

RECOMMENDATION

It is the recommendation of this fact-finder that the following Work Year Provision be included in the parties' Agreement as set forth below:

> **WORK YEAR**
>
> Retain the current number of in-service days at eight (8) full days with payment at $300 per day.
>
> In addition, there is to be new language which provides that in-service days from 8:00 a.m. to 3:00 p.m. are to include a one hour lunch.

Work Year cont.

The NEOEA day is not to be included in the District's school calendar.

The remainder of the current Work Year Provision shall remain the same with no change.

5. WORK DAY

The Association proposes adding language to the Work Day Provision which would allow teachers a minimum of four workdays to report grades. The Board had been willing to add such language as part of an overall package. However in its final proposal, the Board takes the position that no such clarification of the workday language is warranted.

ANALYSIS – This fact-finder finds that the Work Day Provision should be modified to clearly state that teachers are to have a minimum of four school days between the close of a grading period and the reporting of grades. This is a provision which both parties indicated would be reasonable. This fact-finder would also recommend that the remainder of the current Work Day Provision be retained without change.

RECOMMENDATION

It is the recommendation of this fact-finder that the Work Day Provision be modified as more fully set forth below:

> **WORK DAY**
>
> Add clarification of language – "There shall be a minimum of four (4) school days between the close of a grading period and the reporting of grades for teachers to submit grades for each grading period except the final grading period."
>
> The remainder of the current Work Day contract provision shall remain the same.

<u>CONCLUSION</u>

In conclusion, this fact-finder hereby submits the above referred to recommendations on the outstanding issues presented to him for his consideration.

JULY 25, 2008

J.M. Mancini

JAMES M. MANCINI, FACT-FINDER