STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

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In the Matter of Fact-Finding

between

RAMAPO-INDIAN HILLS
BOARD OF EDUCATION,

Docket No. FF-2017-021

-Employer-

FINDINGS OF FACT
AND RECOMMENDED
<u>TERMS OF SETTLEMENT</u>

and

RAMAPO-INDIAN HILLS
EDUCATION ASSOCIATION,

Issued: April 25, 2018

-Association -

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Fact Finder: Joseph Licata, Esq.

Date of Meetings: January 26, 2017 and February 7, 2017

Time of Meetings: 5:00 p.m.

Location of Meetings: Ramapo-Indian Hills BOE
Administrative Offices

APPEARANCES:

<u>For The Board of Education</u>
Stephen R. Fogarty, Esq.
Fogarty & Hara, Esqs.

<u>For The Association</u>
Joseph Tondi, NJEA UniServ Field Representative
Leigh Smargiassi, NJEA Research
Denise Policastro, NJEA Research

INTRODUCTION

The Ramapo-Indian Hills Board of Education ("Board") and Ramapo-Indian Hills Education Association ("Association") are parties to a collective negotiations agreement ("Agreement") that was in effect from July 1, 2013 through June 30, 2016. Prior to impasse, the Board and Association met for negotiations at least five (5) times over the timeframe November 16, 2015 through March 25, 2016. On March 30, 2016, the Association filed a petition to initiate impasse procedures pursuant to the rules and regulations of the New Jersey Public Employment Relations Commission ("PERC"). PERC assigned a mediator. With the impasse still unresolved, the mediator referred the matter to Fact Finding.

Subsequently, the Director of Conciliation & Arbitration informed the parties that the undersigned had been appointed as fact finder, pursuant to N.J.A.C. 19:12-4.3. On July 19 and October 13, 2016, I met with the parties in a mediation capacity. On February 7, 2017, an additional mediation session was held at the request of the parties. Then, on September 12, 2017, the parties met directly and, with the aid of their respective state resources, they developed mutually acceptable salary guides for each of the three (3) years of the new agreement, they modified longevity to help fund the new guides and, the Association believed, that they also agreed to a percentage reduction in Chapter 78, Tier 4 contributions.

On November 28, 2017, after a comparatively brief attempt at mediation to no avail, the open items were formally presented and supported by the parties' respective representatives. NJEA representatives Joe Tondi, Leigh Smargiassi and Denise Policastro presented the position of the Association. The Association also introduced voluminous documentary evidence contained in an exhibit binder divided into eight (8) sections (See, Exhibits A1-A8). Stephen R. Fogarty, Esq. presented the Board's position. The Board introduced ninety-two (92) exhibits.

The Association was permitted to submit a revised final proposal and did so on December 15, 2017. On February 7, 2018, the Board filed a comprehensive post-hearing brief and the Association followed suit shortly thereafter.

The core open items addressed herein include salary increases, salary guides, longevity, and mitigation of Chapter 78, Tier 4.

Finally, the within Report and Recommendations is issued in accordance with the PERC rules and regulations governing Fact-Finding as a means to resolve public sector negotiations impasses in the State of New Jersey.

THE PROPOSALS OF THE PARTIES

The Association

1. Health Insurance, Article XI

Employees' health insurance maximum contribution percentage capped at 22% beginning in year two of the Agreement.

2. Salary

Teaching staff members

Increment movement for all three years of the Agreement, inclusive of longevity, with an additional $500 at the top of the guide for each year, amounting to the following percentage increases:

2016-2017 – 3.71%

2017-2018 – 3.44%

2018-2019 – 3.51%

Support staff members

2016-2017 – 2.95%

2017-2018 – 2.95%

2018-2019 – 2.95%

3. Schedule B Salary Guide Supplement

Propose a percentage increase with the intention to provide for all units to move one step on their respective guide for each year of the Agreement and for no steps to be added to any of the guides.

4. Professional Development and Educational Improvement, Article XXVI

Increase tuition reimbursement from $1,600 to $2,400 for each teacher, per year.

5. Class Coverage, Article XXIII

For each class covered as a substitute, volunteer and assigned teacher, increase the rate of pay from $24 to $44 per class covered.

6. Schedule B Salary Guide Supplement

Add the Gay/Straight Alliance Advisor (one at each school) to Group 4 Clubs and Activities; and RIH Dance Team Advisor to Group 5 Clubs and Activities.

8. Supplemental Teachers' Instructional Work Day, Article XXVIII

The instructional work days shall be defined as .8, rather than .542 of the teacher's instructional work day.

9-11. Longevity, Articles XXVIII, XXXI, and XXXVI

- Restructure longevity tiers for administrative assistances, technical assistants, and instructional aides to reduce the number of years of service required to attain longevity, and increase longevity compensation in each restructured tier.
- Increase the longevity compensation in each tier for security aides.
- Supplemental teachers shall receive the same longevity compensation as teachers.

12. Extra compensation for Custodians, Maintenance, Grounds, and Security, Appendix D

For employees holding an electrician, carpenter, plumber, or fertilizer license, they shall receive an additional $600 per license, per school year.

14. Technical Assistants – Stipend for Certification, Appendix D

Technical assistants who attain certain certifications will be paid an additional sum per school year, per certification.

16. **Administrative Assistants' Calendar, Article XXXIII**

Administrative Assistants employed for 10 months are to work the calendar of the teacher unit members plus three work days beyond the last day for teachers in June, not to exceed 193 days in total, and not to begin before September 1 or extend beyond June 30. **(Tentatively Agreed – see page 10, footnote 8, Board post-hearing brief).**

17. **Administrative Assistants Salary Grades, Schedule A-2**

All administrative assistants be moved up one salary grade and eliminate Salary Grade 1.

18. **Staff Development and Educational Improvement for Custodians, Maintenance, and Grounds employees, Article XLI**

With prior approval of the Superintendent of Schools, the Board agrees to pay 100% of the cost of tuition of job-related in service and professional development courses taken by custodial, maintenance, and grounds staff members.

19. **Instructional Aides' Work Schedule, Article XXIX**

Instructional aides' work day shall consist of a minimum 40 minute preparation period, exclusive of a 40 minute duty-free lunch period, rather than a 20 minute break period.

21. **Uniforms – Custodians, Maintenance, Grounds, and Security, Appendix D**

Clothing order must be in the Business Administrator's office by September 15, rather than September 30, for each year, and must be available within 60 calendar days.

22. **Title change for Technical Assistants**

The term "Technical Assistant" shall be replaced with the term "Technical Support Specialist." **(Tentatively agreed – see MOA No. 1, 1/26/16).**

23. **Security Aides – Salary Schedule, Schedule A-8**

Correct a typographical error in the 14^{th} year tier of the longevity schedule, which should indicate an amount of $1,550, rather than $1,500. **(Tentatively agreed – see page 11, footnote 11, Board post-hearing brief).**

24. Employee Rights, Article IV

Regarding complaints made about staff members, the provision is to be revised to include, in addition to complaints made to an administrator, complaints made to a supervisor; and in addition to complaints made by parents or students, complaints may be made by a community member or any other administrator or supervisor.

26. Teaching Evaluation Reports, Article XX

Revise the Article to include additional language establishing that a copy of any class visit or evaluation report shall be provided to the teaching staff member within five days of the visit, and that the Association has the right to negotiate the impact on terms and conditions of employment of any change to the current or development of a new evaluation model prior to the implementation of that model.

The Board

1. Salary

The Board proposes the following salary increases inclusive of increment and longevity:

Teaching staff members

- 2016-2017 – 0%, no increment or longevity payment.
- 2017-2018 – 5%
- 2018-2019 – 3.88%
- The salary guide mutually developed by the parties at the September 12, 2017 meeting. (See, Exhibit B2).

Support staff members

- 2016-2017 - 2.78%
- 2017-2018 – 2.78%
- 2018-2019 – 2.78%

2. Longevity

Teaching staff members

- Longevity shall be frozen in year one of the Agreement. There shall be no longevity payment issued. However, the staff members will receive a credit for service in year one of the Agreement.

- For those teaching staff members currently on Step A (tenure to 11 years of service) and Step B (12 to 15 years of service), they will remain on their respective Steps until reaching Longevity Tier 1 (in others words, an employee in Step A will never move into Step B).

- Steps A and B will be eliminated prospectively for all new hires and staff members not currently on either Step.

- The funds saved from this restructuring of longevity is redistributed back into the salary guide.

Support staff members

- Longevity shall be frozen in year one of the Agreement for all support staff members. There shall be no longevity payment issued. However, the staff members will receive a credit for service in year one of the Agreement.

- Support staff members currently receiving longevity only shall not move up into the next tier, and shall be eligible to receive an increase in longevity upon reaching the requisite number of years of service set forth in the top/final tier of their respective longevity chart.

- Likewise, all other support staff members not currently receiving longevity pay will not be eligible for longevity until accruing the requisite number of years of service as set forth in the top/final tier of their respective longevity chart.

- The funds saved from this restructuring of longevity is redistributed back into the salaries.

3. Article XV, Section F.2, page 43 – Teaching Hours and Teaching Load

The Board proposes removing Article XV, Section F.2, which provides that teachers in certain stipend positions shall be released from supervisory assignments in lieu of instructional assignments.

4. Article XV, Section E.2, page 43 – Teaching Hours and Teaching Load

[Withdrawn 4/17/18].

5. Article XXVI, Sections A.4-7, F, and G, pages 58-61, Professional Development and Educational Improvement

The Board proposes to revise Article XXVI, to limit on-line third party credits for salary advancement purposes to no more than six per year; increase tuition reimbursement from $1,600 to $2,400 per teacher, per year; increase the number of credits allowed for reimbursement from 6 to 12; clarify language regarding the maximum number of credits teachers can take per semester; and remove redundant, unnecessary, and outdated language from the Article.

6. **Article XXVIII, Section F, Supplemental Teachers, page 68, and Appendix B, page 127**

   The Board proposes to remove Article XXVIII, Section F, and incorporate a new provision into Article XLVI, "Miscellaneous Provisions Governing All Members of the Unit," to provide that all staff members, rather than only supplemental teachers, may serve as coordinators of SATs or other tests administered to classified students at a rate of $45 per student.

7. **Article VIII, Section B.3, Temporary Leaves of Absence, page 22**

   The Board proposes to revise Article VIII, Section B.3, to allow employees to carry over unused personal days to a Compassionate Care Day bank to care for a spouse, child or parent. An employee will be allowed to accumulate up to three Compassionate Care Days in his/her bank.

8. **Article XI, Insurance Protection, page 30**

   The Board proposes to revise Article XI to incorporate language that contributions shall be at the Tier 4 rate set forth in Chapter 78; remove any reference to a specific health benefits plan, but to indicate that any plan will mirror the School Employees' Health Benefits Plan; and to remove subsections which are neither relevant nor necessary.

9. **Appendix D, Section 4, Extra Compensation for Custodians, page 130**

   The Board proposes to remove Appendix D, Section 4, In-Charge License stipend because this license is not necessary to operate the boilers in the District. The current staff member receiving the stipend will be grandfathered.

10. **Schedule B, Salary Guide Supplement, pages 117-120**

    The Board proposes to add the Gay/Straight Alliance Club and Dance Club as new Group 4 Clubs and Activities, as requested by the Association.

TENTATIVE AGREEMENTS

On January 26, 2016, the parties' representatives signed off on Memorandum of Agreement No. 1 (Association Binder, 3-63 to 3-71). The Memorandum is incorporated by reference herein as part of the undersigned's Recommended Terms and Conditions of Settlement. I will also recommend the adoption of all other items tentatively agreed upon that are not included in MOA No. 1, for example, those indicated in the post-hearing brief filed by the Board on February 7, 2018, footnotes 8 (Association Proposal No. 16) and 11 (Association Proposal No. 23).

FINDINGS

Demographics

1. The population of Oakland as of 2013 is 12,959. The population of Franklin Lakes is 10,759 and the population of Wyckoff Township is 16,928. The FLOW Districts are located in a relatively affluent section of Bergen County, New Jersey.

2. Bergen County has the fourth highest concentration of wealth out of New Jersey's 21 counties. Bergen County's 2010 median family income was $100,310. However, Franklin Lakes' median family income is $155,156; Oakland's $114,973; and Wyckoff's $163,034.

3. The average Bergen County home was evaluated at $504,239 in 2015. In the same year, the average property values in the FLOW district were as follows: (1) Franklin Lakes, $1,131,201; (2) Oakland, $446,110; and (3) Wyckoff, $754,324.

The Composition of the Bargaining Unit

4. The Ramapo Indian Hills Education Association is comprised of 304.72 Full-Time Equivalent ("FTE") staff members, including 220.40 FTE teachers; 11 FTE supplemental teachers; 19.70 FTE teaching assistants; 25.84 FTE administrative assistants; 3 FTE technology aides; 12 FTE custodians/maintenance/grounds staff members; and 12.78 FTE security aides.

The School District

5. The Ramapo Indian Hills School District ("District") is comprised of two (2) high schools. One is located in the Borough of Franklin Lakes. The other is located in the Borough of Oakland. Wyckoff Township is also a sending district. Colloquially, the parties refer to the District as the "FLOW" Districts, i.e., Franklin Lakes, Oakland, and Wyckoff. The District's

total student population is approximately 2,289. The 2015-2016 cost per pupil was $24,510, which ranks 6th out of the 25 Bergen County DFG I districts.

6. The District maintains a District Factor Group rating of I, the second highest socioeconomic measure possible.

7. The DOE Report Card is for 2015-16 and contains a narrative for the Ramapo Indian Hill's School District (2-14). According to the Best New Jersey High Schools in America 2017, U.S. News and World Report, Ramapo Indian High Schools ranked thirty-one (31) out of eighty-five (85) New Jersey school districts on a national level. Ramapo Indian Hills was also ranked forty-nine (49) out of 100 districts for having the best teachers.

8. The New Jersey Department of Education Certified Staff Report Summary compares the median years of experience among local teachers, teachers in Bergen County as a whole, and teachers in New Jersey, as a whole. With respect to the 2015-2016 school year, the median years of experience of teaching in the District was 13 years. The median level of experience in teaching in the County was 10 years and 10-11 years in the State. As of the 2016-2017 school year, the median years of experience of a District teacher dropped from 13 to 10 years, whereas the County and State experienced no change.

9. With respect to teachers having 25 or more years of service, for the 2015-2016 school year, 4.1% of teachers in the District meet that benchmark; 7.8% of teachers in the County met that benchmark; and 8.0% of teachers statewide met that benchmark. However, for the 2016-2017 school year, only 2.1% of District teachers maintained 25 years or more of service. The County dropped from 7.8% to 7.6%; and the State dropped from 8.0% to 7.6%. A combination of factors influence attrition, including teachers who may leave for another district but, more frequently, teachers retiring upon reaching retirement eligibility or shortly thereafter,

as contrasted with teachers who may have continued to work for several or more years after retirement eligibility.

Compensation

A. Base Salary-Teachers[1]

10. In terms of compensation, Schedule A of the Agreement sets forth a twenty (20) step salary guide for teachers across five (5) ascending levels of educational achievement, BA, BA+15, MA, MA+15, and MA+30, as follows:

BASE YEAR
2015-16

Salary Guide

Step	BA	BA+15	MA	MA+15	MA+30
1	47,534	48,330	49,094	50,119	53,025
2	48,374	49,247	50,011	51,055	53,899
3	49,686	50,578	51,217	52,286	55,207
4	50,689	51,692	52,220	53,310	56,431
5	51,759	52,694	53,500	54,618	57,857
6	53,028	53,808	55,338	56,494	59,048
7	54,141	55,701	57,342	58,540	60,664
8	55,366	57,371	59,459	60,701	62,557
9	56,592	58,931	61,575	62,862	64,451
10	57,928	60,712	63,133	64,453	66,009
11	59,487	62,272	64,693	66,045	67,903
12	60,779	63,563	65,874	67,251	69,751
13	62,139	64,586	67,195	68,600	71,241
14	62,754	66,295	68,193	69,619	72,040
15	65,909	70,100	72,964	74,490	78,490
16	69,800	73,050	77,510	79,131	81,584
17	72,325	75,612	80,510	82,194	87,375
18	74,823	78,155	83,600	85,349	90,922
19	78,748	82,335	88,907	90,768	95,847
20	83,362	87,204	94,904	96,876	101,461

[1] The different salary guides applicable to the non-instructional staff are not set forth herein, although I have reviewed same in connection with this Report and Recommendations.

B. Longevity-Teachers

11. In terms of teacher longevity benefits, Article XXV provides:

ARTICLE XXV
LONGEVITY

Teaching staff members of the unit shall be eligible for longevity pay as follows:

A. Commencing with the first day of the month succeeding the sixteenth (16th) year of service to the District of a teaching staff member of the unit, an additional payment will be added to the contractual annual salary as longevity pay as follows:

Tier One
BA Degree: after 16 years of service:……………….$4,300

Tier Two
MA Degree: after 16 years of service:……………….$5,000

Tier Three
MA Degree: after 20 years of service:……………….$5,500

Tier Four
MA Degree: after 24 years of service:……………….$6,000

Tier Five
MA Degree: after 30 years of service:……………….$7,650

B. Commencing with the day a teaching staff member of the unit obtains tenure in the District, an additional payment will be added to the contractual annual salary as longevity pay as follows:

Step A
BA/MA Degree: Beginning with the year in which the teacher obtains tenure through the eleventh (11th) year of service:…………………………………………………..$1,625

C. Commencing with the day of the month succeeding the (11th) year of service to the District of a teaching staff member of the unit and extending to the last year of service, an additional payment will be added to the contractual annual salary as longevity pay as follows:

Step B
BA/MA Degree: 12th – nth year of service:………………………………..$2,400

D. Members of the unit with more than sixteen (16) years of service to the District shall be eligible to receive both the Tier Levels identified in 1 above and the Step Levels identified in 2 & 3 above.

12. The cost of longevity to the Board in 2015-2016 was $485,755, accounting for 3.1% of the teachers' base salary. The cost of longevity rose to $568,665, or 3.53% of the teachers' base salary in 2016-2017; $648,770, or 3.9% of the teachers' base salary in 2017-2018; and $737,930, or 4.3% of the base salary in 2018-2019.

13. The Board's proposal focuses, in part, on freezing longevity during the first year of the new agreement, eliminating longevity Steps A and B prospectively, but grandfathering those employees who are on either Step A or Step B as of July 1, 2016. Steps A and B, combined, account for $309,915, or 64% of the total cost of longevity in 2015-2016; $333,065, or 59% of the total cost of longevity in 2016-2017; $372,510, or 57% of the total cost of longevity in 2017-2018; and $407,670, or 55% of the total cost of longevity in 2018-2019.

C. Longevity – Support Staff

14. In terms of support staff longevity benefits, Article XXXI provides:

LONGEVITY

A. Commencing with the first day of the month succeeding the anniversary year of service to this District of an administrative assistant in the bargaining unit, an additional payment will be added to the contractual annual salary as longevity pay as follows:

For 2013-2016	5th year………………………………….	$1,000
	9th year………………………………….	$1,300
	12th year………………………………..	$1,500
	15th year………………………………..	$1,800

B. Commencing with the first day of the month succeeding the anniversary year of service to this District of a technical assistant in the bargaining unit, an additional payment will be added to the contractual annual salary as longevity pay as follows:

For 2013-2016	5th year………………………………….	$1,000

9th year………………………………….$1,300
12th year………………………………...$1,500
15th year………………………………...$1,800

C. Commencing with the first day of the month succeeding the anniversary year of service to this District of an instructional aide in the bargaining unit, an additional payment will be added to the contractual annual salary as longevity pay as follows:

For 2013-2016 5th year………………………………….$300
9th year………………………………….$600
12th year………………………………...$900

15. The cost of longevity for support staff members in 2015-2016 was $68,630, or 1.96% of support staff members' total base salary. The cost is expected to increase to $74,892, or 2.13% of the support staff members' base salary in 2016-2017; $80,905, or 2.28% of the support staff members' base salary in 2017-2018; and $85,356.25, or 2.39% of the support staff members' base salary in 2018-2019.

16. The Board proposes to freeze longevity pay in year one, with support staff members receiving service credit for that year, and to eliminate the lower tiers of longevity in each longevity structure. Thus, those support staff members who are currently on a lower tier of their respective longevity chart will remain on that tier until attaining the requisite years of service for the top tier, and those support staff members not currently receiving longevity will only be eligible to receive longevity pay upon reaching the top tier of their longevity chart.

The Agreed Upon Scattergram

17. On January 12, 2016, the parties' representatives signed off on a "Bargaining Unit Scattergram Summary." Notably, the mutually agreed upon Scattergram includes longevity within the costs of increment. In base year 2015-2016, total base year salaries for teachers, inclusive of longevity, was $15,547,201. For the unit as a whole, the cost was $19,034,017.

18. In 2016-2017, the total base salary for teachers, inclusive of longevity is $16,101,015 with a cost of increment of 3.56%. Without longevity, the cost of increment is 2.80%. Out of 220.40 teachers, 35 would be at Step 20. The total base year salaries, inclusive of longevity for the unit as a whole is $19,624,393, with a cost of increment of 3.10%.

19. In 2017-2018, the total base salary for teachers, inclusive of longevity is $16,631,949 with a cost of increment of 3.30%. Without longevity, the cost of increment is 2.76%. The lower increment in 2017-2018 is tied, in part to the increase in teachers reaching Step 20, i.e., from 35 to 42 out of 220.40 teachers. The total base year salaries, inclusive of longevity for the unit as a whole is $20,183,320, with a cost of increment of 2.85%.

20. In 2018-2019, the total base salary for teachers, inclusive of longevity is $17,179,697, with a cost of increment of 3.29%. Without longevity, the cost of increment is 2.66%. The lower increment in 2018-2019 is tied, in part to the increase in teachers reaching Step 20, i.e., from 42 to 52.8 out of 220.40 teachers. The total base year salaries, inclusive of longevity for the unit as a whole is $20,183,319, with a cost of increment of 2.84%.

<u>Comparability – Existing Salary Guide & Longevity</u>

21. Without longevity, the various measures of comparables in Bergen County and among DFG I districts yields comparatively low rankings for the District. Conversely, the opposite holds true if the Board's comparatively generous longevity scheme is accounted for, as illustrated below.

22. The starting District BA salary in 2015-16 is $47,534. The corresponding FLOW average is $50,128. The corresponding Bergen County average for 2016-2017 is $51,046. The corresponding DFG I average is $51,887. No longevity attaches until after four (4) years in the

District. Both parties acknowledge that the District's starting BA salary is undervalued and could lead to recruitment difficulties.

23. The maximum BA salary in the District is $83,362. The corresponding average Bergen County number for 2016-2017 is $85,102. The corresponding DFG I number is $84,145. However, a District teacher at BA maximum earns a longevity component of $6,700 which, when added to the base, elevates the District BA maximum to $90,062.

24. The starting MA salary level is $49,094. The corresponding average Bergen County number for 2016-2017 is $56,130. The corresponding DFG I number is $56,406.

25. The District MA maximum salary level is $94,904. The corresponding average Bergen County number for 2016-2017 is $94,965. The corresponding DFG I number is $90,561. However, if the corresponding $7,900 longevity piece is factored in, the District's total compensation package brings the MA maximum up to $102,804.

26. The District starting salary at MA+30 is $55,338. The corresponding average Bergen County number for 2016-2017 is $61,212. The corresponding DFG I number is $63,113.

27. The District's maximum salary for MA+30 is $101,461. The Bergen County average is $102,591. However, adding the same $7,900 longevity piece brings the District's MA+30 compensation package to $109, 361.

28. It is acknowledged that the longevity benefits that may be applicable to the Bergen County and DFG I comparators have not been presented for the purpose of this analysis. It appears from this record that most of the comparators do not provide as generous of a longevity benefit as this District. For example, out of the comparable Bergen County school districts, the District is the only employer to begin providing longevity after the completion of tenure, i.e., four years of service.

29. In the FLOW elementary schools, for instance, Franklin Lakes begins providing longevity to those employees with 15 years of service; and 19 years in Oakland and Wyckoff. The average years of service required to begin receiving longevity pay in the FLOW Districts is 14.75 years, which Ramapo Indian Hills falls well below by more than 10 years.

30. In Bergen County, the school district with the next least amount of years of service required to begin receiving longevity pay is the Northern Valley Regional High School District, with 14 years of service. River Dell Regional School District begins providing longevity to those staff members with 15 years of service. Pascack Valley Regional High School District begins providing longevity to those employees with 17 years of service, and the Northern Highlands Regional High School District does not offer longevity pay to its staff members.

31. Among Bergen County DFG I Districts, the school district with the next least amount of years of service required to begin receiving longevity pay is the Harrington Park School District, with 10 years of service. The average years of service required to begin receiving longevity pay in the Bergen County DFG I Districts is 16.

32. Among the Bergen County DFG I Districts, 10 school districts have either eliminated longevity prospectively or do not offer longevity to their staff members.

Comparability – Salary Guides

33. The Board's proposed 2017-2018 salary guide provides for a BA Minimum salary of $49,717, which would rank 14 among the Bergen County DFG I Districts for which this data was available. This salary is still below the Bergen County DFG I Districts' average of $51,455 by $1,738, or 3.5%. However, maintaining the BA Minimum salary at $47,534, as the

Association is proposing, would rank it 17 among the Bergen County DFG I Districts and fall below the average by $3,921, or 8.2%.

34. The Board's proposed 2017-2018 salary guide provides for a BA Step 7 salary of $56,187, which would rank 14 among the Bergen County DFG I Districts for which this data was available. While this salary is still below the Bergen County DFG I Districts' average of $59,109 by $2,922, or 5.2%, a recommendation to maintain the current BA Step 7 salary of $54,141 would rank it second to last among the Bergen County DFG I Districts, and well below the average by $4,968, or 9.2%.

35. The Board's proposed 2017-2018 salary guide provides for an MA Minimum salary of $51,354, which would rank 17 among the Bergen County DFG I Districts for which this data was available. This salary would fall below the Bergen County DFG I Districts' average of $56,975.99 by $5,621.59, or 10.9%. (<u>See</u>, Exhibit B74). Again, while this salary is still below average, a recommendation to maintain the current MA Minimum of $49,094 would lead this segment of the unit to fall below the average by $7,881.59, or 16.1%, and would rank it last among the Bergen County DFG "I' Districts.

36. The salary for MA Step 7 in the Board's proposed 2017-2018 salary guide is $60,280, which would rank it 16 among the Bergen County DFG I Districts for which this data was available. This salary falls below the Bergen County DFG I Districts' average of $65,448 by $5,168, or 8.6%. However, maintaining the current MA Step 7 minimum of $57,342, would rank this segment of the unit second to last, and would fall below the average by $8,106.94, or 14.1%. This trend continues for both MA+30 Minimum and MA+30 Step 7 salaries.

37. The Board expresses a concern that unless the lower steps of the salary guides are adjusted, the District will experience further retention and recruiting issues that will ultimately negatively impact the overall educational program.

Comparability - Percentage Salary Increases

38. The Association proposes increment plus $500 at the top of each guide for certificated staff for 2016-17, 2017-18 and 2018-19. In percentage terms, the Association is proposing a salary increase for teaching staff members of 3.71% in the 2016-2017 school year; 3.44% in the 2017-2018 school year; and 3.51% in the 2018-2019 school year, or 10.66% in the aggregate, which is 2.34% above the Bergen County average, and 2.02% above the average of those Bergen County DFG I Districts with settlement data for the 2016-2017, 2017-2018, and 2018-2019 school years.

39. The Board proposes 0%-5.0%-3.88% (bold text) for certificated staff in each of the three years for support staff. The Board's current overall settlement proposal is 8.88%, which averages to 2.96% in each year. Based on the Board's data, the average percentage increase in teachers' salaries for Bergen County is 2.75% in the 2016-2017 and 2017-2018 school years, and 2.82% in the 2018-2019 school year, for a combined total of 8.32%, or .56% less than the Board's aggregate salary proposal for teachers.

40. Based on NJEA Research Trend Setter #3, the Association submits that the average reported Bergen County settlement for 2017-2018 is 2.82%. However, for Bergen County school districts settling an agreement in 2017, notes the Association, the average percentage increase rises to 2.93%.

41. Finally, regarding support staff members, the Board's proposal of 2.78% increase in each year is comparable to Bergen County DFG I District for which this data was available.

The average increase for support staff members among those Bergen County DFG I Districts is 2.81% in the 2017-2018 and 2018-2019 school years.[2] This average is far more comparable to the Board's proposal than to the Association's proposed 2.95% increase in each year.

42. The Board points out that those Bergen County districts that offered comparable or lower average settlements gained significant concessions in exchange for the settlement. For example, the Closter Board of Education offered a settlement of 2.7% in 2016-2017 and 2.6% in 2017-2018 and 2018-2019, in exchange for adding an instructional day to the school calendar and increasing instructional time by ten minutes.

43. The Glen Rock Board of Education offered a settlement of 2.7% in 2016-2017 and 2.75% in 2017-2018, in exchange for reducing the number of personal days.

44. The Ho-Ho-Kus Board of Education offered a settlement of 2.8% in 2016-2017 and 2017-2018, in exchange for increasing the school day by ten minutes.

45. The Northern Highlands Regional High School District Board of Education offered a 3.05% increase in 2016-2017 and a 2.92% increase in 2017-2018 in exchange for reducing tuition reimbursement funds to address increment costs, and adding a professional development day.

46. The Northern Valley Regional High School District Board of Education offered a 2.8% increase for 2016-2017 and 2017-2018 in exchange for an additional professional development day.

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[2] The salary increases reflected in the data provided were for secretarial, custodial, and paraprofessional staff members.

47. The Old Tappan Board of Education offered a settlement of 2.8% in 2016-2017 and 2017-2018 in exchange for eliminating tuition reimbursement and adding twenty minutes of morning meeting time.

48. The Rochelle Park Board of Education offered a settlement of 2.7% in 2016-2017, 2017-2018, and 2018-2019 in exchange for nine additional minutes of instructional time and an additional five minutes in pre-instructional day duty time.

49. The River Dell Regional Board of Education offered a settlement of 2.7% in each year of a four-year agreement covering the 2017 through 2020 school years in exchange for revising the lesson plan submission procedure. The Pascack Valley Regional High School District Board of Education offered 2.5% in 2016-2017, 3.14% in 2017-2018, and 3.17 in 2018-2019 in exchange for eliminating the two highest tiers of longevity and increasing the instructional day by seven minutes.

50. Bergen County DFG I Districts reporting settlement data for the 2016-2017, 2017-2018, and 2018-2019 school years may be summarized as follows:

BERGEN COUNTY[3] DFG I DISTRICT	**% INCREASE 2016-2017**	**% INCREASE 2017-2018**	**% INCREASE 2018-2019**	**% INCREASE OVER THREE YEARS**
ALLENDALE	2.75	2.6	2.55	7.9
ALPINE	3.5	3.5	3.5	10.5
CLOSTER	2.7	2.6	2.6	7.9
DEMAREST	2.6	3	3	8.6
ENGLEWOOD CLIFFS	2.7	2.9	2.9	8.5
MAHWAH	2.83	3.01	3.06	8.9
NORWOOD	3	3	3	9

PARK RIDGE	2.7	2.9	2.9	8.5
PASCACK VALLEY REG	2.5	3.14	3.17	8.81
RIVER DELL REG	2.7	2.7	2.7	8.1
WYCKOFF	2.95	2.7	2.7	8.35
AVERAGE % INCREASE OVER THREE YEARS				**8.64**

Health Benefits

51. Chapter 78 requires unit members to contribute to the cost of premiums over a four-year phase-in of ¼, ½, ¾, and 100%, commencing with the beginning of the first contract following the passage of the law in 2011, as follows:

Salary Range	Year 1	Year 2	Year 3	Year 4
less than 25,000	0.75%	1.50%	2.25%	3.00%
25,000-29,999.99	1.00%	2.00%	3.00%	4.00%
30,000-34,999.99	1.25%	2.50%	3.75%	5.00%
35,000-39,999.99	1.50%	3.00%	4.50%	6.00%
40,000-44,999.99	1.75%	3.50%	5.25%	7.00%
45,000-49,999.99	2.25%	4.50%	6.75%	9.00%
50,000-54,999.99	3.00%	6.00%	9.00%	12.00%
55,000-59,999.99	3.50%	7.00%	10.50%	14.00%
60,000-64,999.99	4.25%	8.50%	12.75%	17.00%
65,000-69,999.99	4.75%	9.50%	14.25%	19.00%
70,000-74,999.99	5.50%	11.00%	16.50%	22.00%
75,000-79,999.99	5.75%	11.50%	17.25%	23.00%
80,000-84,999.99	6.00%	12.00%	18.00%	24.00%
85,000-89,999.99	6.50%	13.00%	19.50%	26.00%
90,000-94,999.99	7.00%	14.00%	21.00%	28.00%
95,000-99,999.99	7.25%	14.50%	21.75%	29.00%
100,000-109,999.99	8.00%	16.00%	24.00%	32.00%
110,000 and over	8.75%	17.50%	26.25%	35.00%

52. The District's staff completed Tier 4 on June 30, 2016. Pursuant to N.J.S.A. 18A:16-17.2, after completion of Tier 4, parties may negotiate changes to Tier 4, however, Tier 4 must be regarded as the *status quo ante*:

> A public employer and employees who are in negotiations for the next collective negotiations agreement to be executed after the employees in that unit have reached full implementation of the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-17.28c) shall conduct negotiations concerning contributions for health care benefits as if the full premium share was included in the prior contract. . . . . After full implementation, those contribution levels shall become part of the parties' collective negotiations and shall then be subject to collective negotiations in a manner similar to other negotiable items between the parties.

53. The Board offers a variety of medical and prescription plans, including Aetna Open Access 10, with an annual total premium cost of $24,726 for a family plan; Aetna Open Access 15, with an annual total premium cost of $22,915 for a family plan; and Aetna POS, with an annual total premium cost of $21,618 for a family plan.

54. The annual total premium cost of family plan prescription benefits is $2,714. Dental plans are provided by Delta Dental and involve a total premium cost of $1,511.40 per family.

55. Assuming a unit member selects an Aetna Open Access family plan, the total cost of all premiums would be $29,002. Using the average teacher's salary for 2015-2016 of $74,595 (based on the agreed upon Scattergram Summary), the corresponding Chapter 78 annual percentage contributions' obligation is 22% which, in turn translates into an annual contribution cost of $6,380 for the teacher and $22,621 for the Board. Here, the Association's proposal to cap Tier 4 at 22% would have no impact on either the teacher or the Board.

56. However, the following Chapter 78 Tier 4 contributions currently made by teachers and received by the District would be impacted by a 22% cap, as proposed by the Association:

SALARY	Tier 4 %
75,000-79,999.99	23.00%
80,000-84,999.99	24.00%
85,000-89,999.99	26.00%
90,000-94,999.99	28.00%
95,000-99,999.99	29.00%
100,000-109,999.99	32.00%
110,000 and over	35.00%

57. In relation to the above contributions' rates above 22%, the Association observes that the contributions required of its members amount to 6.28% of base pay (as increasing each year). Currently, the Board's health insurance cost accounts for 8.4% of the budget.

58. In terms of a total cost out, the Board's data for 2017-2018 reflects a 14% increase in total health insurance cost of premiums to $5,553,143, $4,450,326 (80%) paid by the Board, and $1,102,816 (20%) paid by Association members. Using the 2017-2018 data, the Association's proposal would require the Board to pay an additional $114,357 or $4,564,683 (82.2%) and reduce the unit's share to $988,459 (17.8%).

59. The Board's data also reflects a projected rise in premiums for 2018-2019 of 14% which, if true, would result in total insurance costs of $6,330,583 (all other things being equal).

60. Using the *status quo* 80/20 formula versus an 82.2/17.8 modified formula, the Association's proposal results in the following differentiated costs: Board -- $5,064,466 vs. $5,203,739, a $139,273 added cost to the Board; and $1,266,117 vs. $1,126,844, or a $139,273 savings to Association members.

61. Over both 2017-2018 and 2018-2019, the Association's Chapter 78 proposal adds approximately $253,630 in costs to the Board (or savings for Association members) equivalent to 1.3% of base salary.

62. The Association observes that as of the Fact Finding hearing, there were a total of 70 local associations in New Jersey who have made modifications to Chapter 78 contribution levels as seen in the Special Trend Setter #8. The Association submits that as of the writing of this brief, that number has increased to 96 associations.

63. In Bergen County, Allendale, Lyndhurst and Waldwick capped Tier 4 at 26% of premium.

64. Mahwah capped premiums at 27.5% for certificated staff and 1% less than Tier 4 maximum for non-certificated staff.

65. Park Ridge capped maximum contributions at Tier 3 maximum.

66. Ramsey capped Tier 4 at 27%.

67. River Dell established a non-pensionable stipend of $1,250 per year per member at maximum on guide or off-guide receiving health benefits.

68. Wyckoff established a non-compoundable, non-guide pool of $110,000 per year payable as pensionable salary to be distributed pro-rata over 6 ranges of base salary.

69. In Ridgewood, the parties agreed that the Direct 15 plan, or its equivalent, would be the base plan for new employees hired on or after September 1, 2016, until they reach tenure, upon which they may select a richer available plan. The parties also agreed that, effective January 1, 2017, the Tier 4 percentages shall be capped at 26% for teachers and 14% for secretaries. Finally, the parties agreed upon salary increases of 1% (2015-2016); 2.7% (2016-2017); and 2.7% (2017-2018).

70. In Fair Lawn, the parties agreed to salary increases for each of the four years of the agreement as follows: increment only, 2015-2016; 2.7%, inclusive of increment for 2016-2017; 2.7%, inclusive of increment for 2017-2018; and 2.7%, inclusive of increment for 2018-2019. Effective 2016-2017, the parties agreed that Tier 4 health insurance contributions for the bargaining unit would be calculated at the Chapter 78 Tier 4 level, but then reduced unit wide by a total of $320,000. Similar reductions were agreed upon for 2017-2018 ($335,000) and 2018-2019 ($345,000).

71. In Waldwick, during the first agreement (covering 2016-2017), the parties were not legally able to negotiate a reduction in Tier 4 so, instead, they agreed upon a 2.96% increase in salary, inclusive of increment. In the second agreement (encompassing 2017-2018), a 2.9% increase in salary, inclusive of increment was agreed upon together with a reduction in the Tier 4 formula (no member would pay more than 26% of the premium costs).

72. In Alpine, the parties agreed to Tier 3 rate of contributions for those who choose the Direct 20/30 and to a partial reduction for those employees who choose a plan in between the Direct 10 and the Direct 20/30.

73. In Midland Park, the parties agreed in their 2016-2017 contract negotiations to increase parent/teacher contact time, to increase evening assignments, and to additional compensation when courses are combined. In exchange, effective 2017-2018, the contributions for employees were reduced to 95% of their Tier 4 calculation; in 2018-2019, to 90%; and in 2019-2020, to 85%.

74. In sum, among the Bergen County DFG I Districts, only three districts have reduced the maximum employees' contribution percentage – the lowest being 26% – and four

other districts provide a sum of money in the form of a stipend to off-set the cost of health insurance.

75. Finally, neither party presented a Fact Finding Report recommending a reduction in Tier 4. Rather, the data relied on by each side is the byproduct of mutual agreement without a fact finder recommendation.

Budgetary Factors

76. A comprehensive analysis of budgetary information is not necessarily needed in this Report since the undersigned's recommendations approximate the costs of what the Board was willing to incur in order to resolve this impasse.

77. The Association presents the following summary (backed by Section 7-1 to 7-307 of its exhibits) of revenue available to aid the current impasse. The Board counters that to the extent such monies, or any part of it, are available there are many competing interests within the operations of the school to be satisfied in furtherance of the quality of education. Nonetheless, set forth below is a summary of the Association's analysis:

Revenue Available for Settlement 2015-16 Budget

Base Salaries					
Teachers	$	15,541,589	Total	$	22,098,104
Supplemental Teachers	$	3,413,729	1%	$	220,981
Teaching Assistants	$	517,529			
Admin Assistants	$	1,382,593			
Technology Aides	$	188,024			
Custodial/Maintenance/Grounds	$	736,757			
Security Aides	$	317,883			

		Budgeted		Actual		
00121 Fund Balance	$	2,079,908.00	$	2,079,908.00	$	
00150 Local Tax Levy	$	47,274,965.00	$	47,274,965.00	$	
00200 Tuition	$	75,000.00	$	103,031.00	$	28,081
00253 Unrestr Misc Revenues	$	139,775.00	$	478,239.00	$	338,464

00354 Extraordinary Aid	*$*	*-*	*$*	*298,721.00*	*$*	*298,721*
00370 Subtotal (State Aid)	$	1,251,130.00	$	1,573,520.00	$	322,390
Unanticipated Surplus	$	1,011,121.00	$	1,296,207.00	$	285,086
Additional Health Benefit Contributions					$	100,000
Total Additional 15-16 Available Revenue (excluding Extraordinary Aid)					$	1,073,971
As a Percent of Base Salaries						4.86%
Additional Revenue						
Additional Health benefit Contributions for 2016-17					$	80,000
Total Available Revenue					$	1,153,971
As a Percent of Base Salaries						5.22%
Total Banked Cap Allowed to Expire for 2016-17					$	1,678,673
As a Percent of Base Salaries						7.60%

78. The Board notes that salaries and health insurance account for approximately 47% of the Board's budget, which receives little to no funding from federal sources, and is almost entirely supported by the taxpayers of Franklin Lakes, Oakland, and Wyckoff, which have populations comprising of a large number of individuals over the age of 65.

79. Also, student enrollment has declined, as has state aid, on average, over the past three years.

80. The Association has also suggested that the Board could utilize banked cap to fund their proposals. However, the Board replies that banked cap funds are paid for by increased taxes levied on the residents of the FLOW Districts, who already support a majority of the Board's budget.

<u>Internal Comparability</u>

81. The Association introduces the agreement governing top-level school administrators and the PBA Agreements involving the FLOW Districts. I do not accord as much weight to these comparators as I do to Bergen County and DFG I District comparators.

Private Sector Wage Comparisons

82. I do not accord as much weight to these comparators as I do to Bergen County and DFG I District comparators.

Cost of Living (CPI – NY/NJ Metropolitan)

83. Cost of Living data taken from the United States Labor/BLS CPI-W (New York-Northern New Jersey-Long Island) measured 1.98% for 2017 and 1.90% for 2018 – to date. While the cost of living affects the "real wages" earned by unit members, the statistic is based on a market basket of goods and services and the costs of same. Thus, not only is the purchasing power of unit members impacted, but so too, I observe, is the District's purchasing power, especially as the prices of goods and services increase from year to year which, in turn, impacts the Board's ability to fund other items in its operating budget. Thus, since the cost of living criterion tends to impact both sides of an impasse dispute, I am not inclined to accord significant weight to it in this matter.

DISCUSSION AND RECOMMENDATIONS

N.J.A.C. 19:12-4.3 sets forth the scope of responsibilities for a fact finder in presiding over a negotiation's impasse between a public employer and public employee organization. Subsection (d) states: "If the impasse is not resolved, the fact-finder shall make findings of fact and recommend the terms of settlement as soon after the conclusion of the hearing as possible." Subsection (e) states: "Any findings of fact and recommended terms of settlement shall be submitted simultaneously in writing to the parties and the Director of Conciliation." Subsection (g) states: "The parties shall meet within five (5) days after receipt of the fact-finder's findings of fact and recommended terms of settlement to exchange statements of position, and try to reach an agreement. In the event of continuing impasse, the Commission or the Director of

Conciliation may take whatever steps are deemed expedient to effect a voluntary settlement of the impasse, including the appointment of a super-conciliator."

I take notice that the criteria set forth under N.J.S.A. 34:13A-14 et. seq. and N.J.A.C. 19:16-1.1 et. seq. (New Jersey's Interest Arbitration criteria for resolving impasses involving police officers or firefighters) provides a general analytical framework for the purpose of the instant proceeding:

1. The interest and welfare of the public;

2. Internal and external wage or salary comparability;

3. The overall level of compensation and benefits provided to the employees in question;

4. The stipulations of the parties;

5. The lawful authority of the employer, including CAP restrictions under N.J.S.A. 40A:4-45.1 et. seq.;

6. The financial impact on the governing unit, its residents, and taxpayers;

7. The cost of living;

8. The continuity and stability of employment regarding factors ordinarily or traditionally considered in the determination of wages, hours, and conditions of employment from collective bargaining between the parties and the public services, and any private employment; and

9. Statutory restrictions on the Employer, e.g., cap limitations.

Having said this, however, the goal of interest arbitration is to issue a binding declaration of what will be the parties' new agreement. Conversely, a fact finding report and recommendations attempts to provide a non-binding declaration of what the parties' new agreement should look like, in the best estimate of the fact finder. As explained in Town of Kearny, Appellant, and Kearny Firemen's Mutual Benevolent Association, Local No. 18, 36

NJPER ¶ 160, “arriving at an economic award is not a precise mathematical process”, but rather an exercise of judgment based on a given analytical framework. In fact finding, the fact finder has the added benefit of working with the parties in mediation. The mediation experience provides useful insight regarding the mutual acceptability of any subsequent recommendation made by the fact finder. Ultimately, the fact finder’s report, if useful will either lead to mutual adoption by the parties or, at the very least, provide the parties with a solid useful foundation from which they can close the gap themselves with relatively minor efforts.

Finally, as with any impasse determination, the party seeking to change the *status quo* of a term and condition of employment, which has been in effect for a significant period of time, must assume a substantial burden of proving that a change in such a term and condition of employment is justifiable. On this latter point, I note that labor stability is conditioned upon, in part, consistency in the application and implementation of employment terms and conditions of employment. For this reason, drastic changes in the contour of a particular term and condition of employment should not be recommended lightly.

Here, the parties’ representatives presented comprehensive oral and written evidence and argument at the formal hearing. I have carefully considered the voluminous record evidence that was developed in that proceeding as well as the parties’ post-hearing briefs. I also commend the parties for their efforts during the informal mediation phase of this proceeding. Based on the helpful input and assistance of the parties, the recommendations made herein hopefully advance the “public interest” in terms of establishing the terms of a successor agreement with due regard for the taxpaying public, the working morale of teachers, and the quality of education provided throughout the Ramapo-Indian Hills School District.

This impasse remains due to the parties' respective differences over three (3) core economic terms and conditions of employment. The first two (2) such terms and conditions of employment, base salary and longevity, impact the cost of increment on the guides. Longevity increases the cost of increment to the extent that it would be unreasonable to expect the Board to fund increment movement each year combined with adequate raises to those at the top of the guide. In the parties' predecessor negotiations, the cost of increment for teachers was too high to support guide movement in all three years. It was 3.13% for 2014-15 and 3.27% for 2015-16, which was significantly greater than the salary increases negotiated for the same years, i.e., 2.85% and 2.85%. The parties did not address the cost of increment issue during those negotiations. Thus, the high cost of increment continues to hinder the parties' ability to provide affordable guide movement each year combined with leaving a reasonable amount to compensate the growing number of teachers at Step 20

Longevity has a significant impact on the cost of increment primarily due to the early stage of a teacher's career in which the benefit attaches, i.e., upon reaching tenure, which is currently four (4) years and due also to the cumulating nature of the benefit over time, as compounding impact of the longevity steps, as set forth below:

LONGEVITY

Teaching staff members of the unit shall be eligible for longevity pay as follows:

A. Commencing with the first day of the month succeeding the sixteenth (16^{th}) year of service to the District of a teaching staff member of the unit, an additional payment will be added to the contractual annual salary as longevity pay as follows:

Tier One
BA Degree: after 16 years of service:……………….$4,300

Tier Two
MA Degree: after 16 years of service:……………….$5,000

Tier Three
MA Degree: after 20 years of service:……………….$5,500

Tier Four
MA Degree: after 24 years of service:……………….$6,000

Tier Five
MA Degree: after 30 years of service:……………….$7,650

B. Commencing with the day a teaching staff member of the unit obtains tenure in the District, an additional payment will be added to the contractual annual salary as longevity pay as follows:

Step A
BA/MA Degree: Beginning with the year in which the teacher obtains tenure through the eleventh (11th) year of service:……………………………………………………..$1,625

C. Commencing with the day of the month succeeding the (11th) year of service to the District of a teaching staff member of the unit and extending to the last year of service, an additional payment will be added to the contractual annual salary as longevity pay as follows:

Step B
BA/MA Degree: 12th – nth year of service:………………………………..$2,400

D. Members of the unit with more than sixteen (16) years of service to the District shall be eligible to receive both the Tier Levels identified in 1 above and the Step Levels identified in 2 & 3 above.

The cost of longevity to the Board in 2015-2016 was $485,755, accounting for 3.1% of the teachers' base salary; $568,665, or 3.53% of the teachers' base salary in 2016-2017; $648,770, or 3.9% of the teachers' base salary in 2017-2018; and $737,930, or 4.3% of the base salary in 2018-2019.

The impact of longevity on cost of increment is as follows. In 2016-2017, the cost of increment was 3.56%. Without longevity, the cost of increment is 2.80%. The cost of increment for the unit as a whole was 3.10%. In 2017-2018, the cost of increment is 3.30% but, without longevity, the cost of increment drops to 2.76%. Part of the reason for the drop in the cost of increment, which is still unmanageably high, is that the number of teachers at the Step 20 maximum will increase from 35 to 42 (out of 220.40). The total cost of increment for the unit as a whole is 2.85%. Finally, in 2018-2019, the cost of increment will be 3.29%, but without longevity, the cost of increment is 2.66%. Teachers reaching Step 20 in this year rose from 42 to 52.8. The total cost of increment for the unit as a whole is 2.84%. In view of the foregoing, I find and conclude that the existing salary guide, due to the impact of longevity on the cost of increment, continues to make a pure 20-step salary guide progression illusory.

In this impasse proceeding, the Association's answer to the problem is for the Board to provide extra funding, for a lack of a better phrase. The Association's salary proposal asks for step movement and $500 to the top of the guide in each year of the new contract. In percentage terms, this translates into salary increases for teaching staff members of 3.71% in the 2016-2017 school year; 3.44% in the 2017-2018 school year; and 3.51% in the 2018-2019 school year, or 10.66% in the aggregate, which is 2.34% above the Bergen County average, and 2.02% above the average of those Bergen County DFG I Districts with settlement data for the 2016-2017, 2017-2018, and 2018-2019 school years. In my opinion, I cannot justify recommending the Association's salary proposal for teaching staff members in light of the comparative settlements for the same years and with due regard for the taxpaying public.

The Association proposes a 2.95% salary increase in each year of the new contract for support staff members. Similar to its salary proposal for teachers, I observe, the Association's salary proposal for support staff is significantly higher than the available comparators. The average increase for support staff members among those Bergen County DFG I Districts is 2.81% in the 2017-2018 and 2018-2019 school years. Due to the lack of comparators backing the Association's salary proposal for support staff, I cannot recommend that the Board accept this proposal either.

On the other hand, the Board proposes 0%-5.0%-3.88% for certificated staff in each of the three years for support staff. The Board's current overall settlement proposal is 8.88%, which averages to 2.96% in each year. Based on the Board's data, the average percentage increase in teachers' salaries for Bergen County is 2.75% in the 2016-2017 and 2017-2018 school years, and 2.82% in the 2018-2019 school year, for a combined total of 8.32%, or .56% less than the Board's aggregate salary proposal for teachers. The Board also proposes a 2.78% salary increase for support staff members in each of the three years of the new contract which closely approaches the DFG I norm of 2.81%. While staff members have a significantly lower cost of increment than teachers, they are also being asked to share in the longevity modification and the dollar value of a percentage increase to base salary is significantly lower. Accordingly, I will recommend a modification to the Board's support staff salary offer to 2.82%-2.84% and 2.86%.

However, the fact remains that the Board's salary proposals, as modified for support staff by the undersigned is conditioned on the following longevity benefit modification which, in turn, results in savings to be used to fund the salary guide developed by the Board and Association research teams and discussed at the informal September 12, 2017 meeting and which results in future savings as well.

<u>Teaching staff members</u>

- Longevity shall be frozen in year one of the Agreement. There shall be no longevity payment issued. However, the staff members will receive a credit for service in year one of the Agreement.

- For those teaching staff members currently on Step A (tenure to 11 years of service) and Step B (12 to 15 years of service), they will remain on their respective Steps until reaching Longevity Tier 1 (in others words, an employee in Step A will never move into Step B).

- Steps A and B will be eliminated prospectively for all new hires and staff members not currently on either Step.

- The funds saved from this restructuring of longevity is redistributed back into the salary guide.

<u>Support staff members</u>

- Longevity shall be frozen in year one of the Agreement for all support staff members. There shall be no longevity payment issued. However, the staff members will receive a credit for service in year one of the Agreement.

- Support staff members currently receiving longevity only shall not move up into the next tier, and shall be eligible to receive an increase in longevity upon reaching the requisite number of years of service set forth in the top/final tier of their respective longevity chart.

- Likewise, all other support staff members not currently receiving longevity pay will not be eligible for longevity until accruing the requisite number of years of service as set forth in the top/final tier of their respective longevity chart.

- The funds saved from this restructuring of longevity is redistributed back into the salaries.

Perhaps not surprising, the Association did not agree to the concessions on longevity based on the Board's salary proposals alone. Rather, according to the Association, at the September 12, 2017 meeting, both parties embraced the concept of providing some form of Chapter 78 Tier 4 mitigation as part of an overall economic package and the local Association representatives believed that a percentage-based reduction would be provided. However, when the Board ultimately viewed the form of Chapter 78 Tier 4 mitigation as involving a dollar-based offset, the progress made at the September 12, 2017 meeting came to a halt and the parties returned to square one after protracted negotiations and impasse procedures. For this reason, I cannot ask the Association to accept the Board's salary and longevity proposals, at least not uncoupled from some form of acceptable Chapter 78 Tier 4 relief.

Chapter 78 modification is a sensitive topic for both sides. I fully understand that teachers and the Association have not accepted the results of the 2011 legislation. As history reflects, teacher salaries were, at one time, unreasonably low and, consequently, fully paid health benefits became the sacred cow. Even though teacher salaries have now grown to respectable levels, many teachers grew accustomed to enjoying health benefits fully paid by the District. Indeed, until the 2010 legislation (establishing the 1.5% of base salary formula), teacher groups had outlasted many other public sector employee organizations in term of holding down the fort on health benefits' contributions. Although the 2010 legislation was viewed as a shock to those expectations, the passage of Chapter 78 on June 28, 2011 imposed even higher levels of contributions that did adversely impact the net compensation package provided to teachers at a time when various reforms to teacher evaluations and tenure laws perhaps made their jobs even more challenging. On the other side of the coin, the legislation has provided welcomed relief to school districts and to taxpayers. The so called "savings" realized by the District has become part of the District's budgetary fabric since 2011 and, like savings in other line items, has helped the District offset increases in costs/expenditures in other areas of operations.

Not too surprising, neither side has embraced the other's proposals or suggestions. However, a mutual resolution on Chapter 78 is the key to a mutually beneficial and commendable overall settlement positively impacting the competitiveness of the salary guides and reducing the unmanageable cost of increment influenced by the current longevity scheme. In addressing the parties' positions that have not led to settlement, I first observe that the

Association seeks an overall Tier 4 cap at 22%. Having said this, however, I cannot recommend the Association's proposed 22% Tier 4 cap. Here, I note that the legislature made clear that all levels of Tier 4 are now the *status quo ante* for the purpose of future negotiations and impasse proceedings in the public sector:

> A public employer and employees who are in negotiations for the next collective negotiations agreement to be executed after the employees in that unit have reached full implementation of the premium share set forth in section 39 of P.L.2011, c.78 (C.52:14-17.28c) **shall conduct negotiations concerning contributions for health care benefits as if the full premium share was included in the prior contract**. . . . . After full implementation, those contribution levels shall become part of the parties' collective negotiations and shall then be subject to collective negotiations in a manner similar to other negotiable items between the parties [emphasis supplied].

Thus, as with any other item, the party seeking a change in the *status quo* bears a relatively heavy burden to support such change.

In this case, the Association has not met such a burden. The legislature did not intend a temporary fix to the issue, nor did it believe, as the Association does, that local school boards must substantially make up for the partial shift in responsibility for health care premiums from the public to public sector employees. Indeed, out of the twenty-five (25) Bergen County DFG I districts, seven (7) comparators have made Chapter 78 modifications, four (4) involving forms of mitigation other than a percentage decrease in Tier 4 contributions and three (3) involving a percentage decrease to 27.5%, 27% and 26%. Finally, but perhaps most importantly, all seven (7) settlements were mutually embraced during negotiations and involved varying forms of concessions. Conversely, no fact finder has imposed his/her will on the subject when an employer has resisted change.

In addition, I cannot recommend that the Board accept the Association's proposal due to the added costs it presents to the District and to the public. The Board's data for 2017-2018 reflects a 14% increase in total health insurance cost of premiums to $5,553,143 -- $4,450,326 (80%) paid by the Board and $1,102,816 (20%) paid by Association members. Using the 2017-2018 data, the Association's 22% proposal would require the Board to pay an additional $114,357 or $4,564,683 (82.2%) and reduce the unit's share to $988,459 (17.8%). The Board's data also reflects a reasonably projected rise in premiums for 2018-2019 of 14% which, if true, would result in total insurance costs of $6,330,583 (all other things being equal). Comparing the costs associated with the 2015-2016 80/20 formula versus the 82.2/17.8 modified formula as a result of the proposed 22% cap, the Association's proposal results in an increase from $5,064,466 to $5,203,739, a $139,273 added cost to the Board. Over both 2017-2018 and 2018-2019, the Association's Chapter 78 proposal adds approximately $253,630 in costs to the Board (or savings for Association members) equivalent to an additional 1.3% of base salary. Combined with the Association's salary proposal, this translates into an approximate 12% increase in costs over a three (3) year period, or 4% each year. For these reasons, I cannot recommend the Association's Chapter 78 Tier 4 proposal.

Notwithstanding the foregoing, to recommend a lump sum offset (as the Board at least embraced in concept) without any built-in hedge against the inflationary costs of health benefits, will likely not lead to acceptance by the Association, unless the lump sum figure is so high that the Board would balk at it. In light of the parties' competing concerns, and the importance of this issue to an overall settlement that betters both sides, I will recommend a Chapter 78, Tier 4 modification which establishes (1) a non-pensionable fund to offset the costs of Tier 4 commencing after the 26% mark for teachers and after the 20% mark for support staff; (2) a partial hedge against health care cost inflation; and (3) a waiver on the part of the Board to collect s0-called retroactive Chapter 78 contributions for those members who will advance into a new level of Tier 4 due to salary increases in the 2016-2017 and 2017-2018 school years.

Specifically, effective July 1, 2018, the Board shall set aside a $60,000 fund for distribution on a non-pensionable basis to all teachers contributing more than 26% of the total premiums under Chapter 78, Tier 4. The fund shall also apply to all support staff contributing more than 20% of the total premiums under Chapter 78, Tier 4. (Note: The Association's health benefits cost out for base year 2015-2016 alternatively reflects a $58,000 savings in premium deductions at the 26%/20% caps).

In addition, on an annual basis (the appropriate timing to coincide with the first day of the implementation of new insurance rates), the aforementioned fund will be automatically increased (as part of the status quo) by 50% of the average percentage increase in premiums -- based on all plans offered by the District as a whole. Thus, for example, if the average costs in premiums rise by 14%, as has been the trend, as observed by the Board, then the fund will increase by one-half of 14%, which is 7%, or $4,200, for a total offset fund of $64,200, which shall be used to provide relief to teachers contributing more than 26% of the total cost of premiums for their plan(s) and to support staff contributing more than 20% of total premiums toward their plan(s). And, while I leave the specific allocation methodology for each eligible unit member to the parties, it appears that a pro rata formula that takes into account the dollar amount of contributions in relation to base salary of each eligible member would be a fair method to facilitate the distribution.

Finally, I am recommending that the Board, for this contract only, waive any retroactive collection of Chapter 78 Tier 4 contributions with respect to those members, if any, who will move into a higher level of Tier 4 with respect to 2016-2017 and 2017-2018 due to the salary increases.

RECOMMENDED TERMS OF SETTLEMENT[4]

1. Salary

Teaching staff members

- 2016-2017 – 0%, no increment or longevity payment.
- 2017-2018 – 5%
- 2018-2019 – 3.88%
- The salary guide mutually developed by the parties at the September 12, 2017 meeting.

Support staff members

- 2016-2017 - 2.82%
- 2017-2018 – 2.84%
- 2018-2019 – 2.86%

2. Longevity

Teaching staff members

- Longevity shall be frozen in year one of the Agreement. There shall be no longevity payment issued. However, the staff members will receive a credit for service in year one of the Agreement.
- For those teaching staff members currently on Step A (tenure to 11 years of service) and Step B (12 to 15 years of service), they will remain on their respective Steps until reaching Longevity Tier 1 (in others words, an employee in Step A will never move into Step B).
- Steps A and B will be eliminated prospectively for all new hires and staff members not currently on either Step.
- The funds saved from this restructuring of longevity is redistributed back into the salary guide.

Support staff members

[4] All other proposals not mentioned herein are rejected in order to maximize the opportunity for the parties to resolve this impasse.

- Longevity shall be frozen in year one of the Agreement for all support staff members. There shall be no longevity payment issued. However, the staff members will receive a credit for service in year one of the Agreement.

- Support staff members currently receiving longevity only shall not move up into the next tier, and shall be eligible to receive an increase in longevity upon reaching the requisite number of years of service set forth in the top/final tier of their respective longevity chart.

- Likewise, all other support staff members not currently receiving longevity pay will not be eligible for longevity until accruing the requisite number of years of service as set forth in the top/final tier of their respective longevity chart.

- The funds saved from this restructuring of longevity is redistributed back into the salaries.

3. Health Benefits

Effective July 1, 2018, the Board shall set aside a $60,000 fund for distribution on a non-pensionable basis to all teachers contributing greater than 26% of the total premium cost for their plan under Chapter 78, Tier 4. The fund shall also apply to all support staff who contribute more than 20% of the total premium cost for their plan under Chapter 78, Tier 4. In addition, on an annual basis (the appropriate timing to coincide with the first day of new insurance rates), the aforementioned fund will be automatically increased by 50% of the average percentage increase in premiums based on all plans offered for that year as a whole. The specific distribution of the offset for each eligible member is left for the parties to determine. Finally, I am recommending that the Board, for this contract only, waive any retroactive collection of Chapter 78 Tier 4 contributions with respect to those members, if any, who will move into a higher level of Tier 4 with respect to 2016-2017 and 2017-2018 due to the salary increases.

4. Tentative Agreements

On January 26, 2016, the parties' representatives signed off on Memorandum of Agreement No. 1 (Association Binder, 3-63 to 3-71). The Memorandum is incorporated by reference herein as part of the undersigned's Recommended Terms and Conditions of Settlement. I will also recommend the adoption of all other items tentatively agreed upon that are not included in MOA No. 1, for example, those indicated in the post-hearing brief filed by the Board on February 7, 2018, footnotes 8 (Association Proposal No. 16) and 11 (Association Proposal No. 23).

ORDER

I hereby submit the foregoing Findings of Fact and Recommended Terms of Settlement to both the Director of Conciliation and to the parties in accordance with N.J.A.C. 19:12-4.2(e). The parties and their representatives are hereby directed to refrain from making public the within Recommended Terms of Settlement until Monday, May 7, 2018. The parties are further directed to advise the undersigned of whether or not they have reached an agreement to either accept, or accept with modification, the within Recommended Terms of Settlement by the same date, or by a mutually agreed later date.

Respectfully submitted,

Joseph Licata

Dated: April 25, 2018

State of New Jersey)
:SS
County of Bergen)

On the 25th day of April, 2018, before me personally came and appeared Joseph Licata, to me known and known to me to be the person described herein who executed the foregoing instrument and he acknowledged to me that he executed the same.

Jacqueline M. Licata

JACQUELINE M. LICATA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires 11/9/2020