

October 7, 2013

WESTMONT HILLTOP DISTRICT NEWS RELEASE

CONTACT: Diana Schroeder, School Board President (814)-255-4170 or Susan Anderson, School Superintendent (814)-255-8710

WESTMONT HILLTOP SCHOOL BOARD RATIFIES CONTRACT

Four-year contract will take teachers through June 2017

WESTMONT HILLTOP – As a result of negotiations, the Westmont Hilltop School District and the Westmont Hilltop Education Association have reached a four-year labor agreement for the teaching staff. The teachers' current contract expired on June 30, 2013. The new contract is effective July 1, 2013 and runs until June 30, 2017. There are 110 teachers and 1543 students in the school district.

RETIREMENT: This teacher contract eliminates healthcare provisions for future retirees. The teachers will be eligible for a buyout of up to 200 days of their accumulated sick days, as has been in prior contracts. In lieu of the previously provided retirement healthcare benefits, a retiring teacher with 15 years or more of service will now be paid \$15,000 at retirement. The estimated "today" cost of the previous retirement healthcare benefit is approximately \$63,000 per employee. Those healthcare costs will rise over time and the long-term benefit of discontinuation of retirement healthcare benefits will be a very significant cost savings. In "today's" costs for healthcare (\$63,000 X 110 teachers), this change translates to an estimated "savings" to the district of a minimum of \$5,280,000 for the current teaching staff under the previous contract's retirement healthcare liability. Those "savings" will be actualized over several decades and will be greater than "today's" costs, but reflect the significance of this change.

HEALTHCARE: Teachers have agreed to participate in a qualified high deductible health plan (\$1,250 for individual/\$2,500 for family) with a rising annual contribution to the deductible beginning at \$500 for an individual and \$1000 for a family in 2014 and progressing to \$750 for an individual and \$1500 for a family during 2017. In addition, the teachers have agreed to a three-tiered formulary for medication after they have met their deductibles. The qualified high deductible health plans include a Health Savings Account (HSA) that employees can contribute to for future healthcare expenses, including retirement healthcare costs. As the teachers have agreed to the cessation of their retirement healthcare option, the utilization of the HSA will serve as a conduit for the teachers to save for their retirement healthcare expenses pre-tax as allowed by law. The qualified high deductible plan will also meet the requirements of the Affordable Care Act as they stand today.

The qualified high deductible health plan will be in place for all employees of the school district beginning January 1, 2014 and the estimated cost savings for the health plan change is approximately \$420,000 for 2014. The teachers, administrators, maintenance, and secretarial staff will develop a Health Advisory Committee to meet annually to address healthcare plan adjustments based on proposed increases by the insurance industry in an effort to limit the rising costs of healthcare over the life of the contract.

Spouses of employees who are employed in other school districts, public municipalities, the state or federal government, or the military will be excluded from coverage in this new contract. The cost savings to the district for these spousal exclusions is not known at this time, but will be made available once the new healthcare plan begins.

SALARY: The average annual teacher increase during the four-year period, which is dividing annual total payroll increases by the number of teachers, is estimated at \$1,477/year inclusive of the step increase that is contractually agreed upon. This equates to an average annual increase of 2.26% percent during the life of the contract. However, taking into account the changes in healthcare insurance plan expenses that will be directed back to the District, the average net teacher payroll increase will be negated with a net return to the district of \$127,189, during the first year of the contract.

SALARY STEP SCHEDULE: The teachers' salary scale has 15 steps. Under the last year of the current contract, the starting salary is \$43,000. In the first year of the new contract, the starting step 1 salary will be \$43,500. However, the teachers also agreed to a decrease in the starting salary of new teachers in years 1, 2, and 3 of their employment with the district at "pre-steps" of \$40,000 for the first year of employment, \$41,000 of the second year, and \$42,000 of their third year. There will be a \$1000/year adjustment in the pre-step salary schedule for new teachers who have a Master's Degree. Once the teacher is tenured, (after the third year of successful employment) the teacher would move to Step 1 on the salary scale.

TUITION REIMBURSEMENT: The teachers' contract reflects a decrease in tuition reimbursement from \$2500/year for 75% of the cost of the course to \$1,500/year for 75% of the cost of the course.

PERSONAL DAYS: The district has agreed to increase the number of personal days for teachers from two/year to three/year, with no more than four days/year to be accumulated.

NET EFFECT: With the new teacher contract as outlined, and **inclusive** of known future costs including pension funding and retirement costs, projected 15% increases in healthcare costs as well as other contractual agreement costs over the life of the contract, the Net Effect to the district's budget is:

Potential NET Savings Year 1: \$127,189
Potential NET Savings Year 2: \$212, 279
Potential NET Savings Year 3: \$266,725
Potential NET Savings Year 4: \$352,364

The potential NET savings over the life of the contract inclusive of known and projected costs is \$958,557. These projected savings do not include spousal exclusion, retiree healthcare change costs, decrease in starting salary, nor long-term projected savings of elimination of retirement healthcare benefit. These changes will result in additional potential savings to the district in the short and long-term.

From the School District's viewpoint, the primary purpose of these negotiations was to determine the long-term financial projections necessary to meet the costs of instruction for the next four years and to provide potential retirees the opportunity to plan for their future. A priority for the district was to remain "budget neutral" with no increase to the personnel costs of the district over the life of the contract. The contract settlement provides the necessary parameters by which the District will realize savings from retirements, noting that veteran teachers would be replaced by newer, incoming teachers on an entry level salary scale. Further, teachers will have an opportunity to plan properly for retirement in terms of pension and health care benefits. Negotiating limited growth in average percentage salary increases across the four-year period was a better strategy in the long-term than asking for a one-year wage freeze with restrictions and conditions, according to School District negotiators.

The School District will continue to approach budget and finance issues with short-term and long-term financial planning, including cost reductions from the expected retirement of teachers within the upcoming school years. Health benefits for teacher retirees will be the same qualified high deductible plan that the teachers have agreed to, but will not be eligible for a Health Savings Account (HSA) as they are retired.

Mrs. Diana Schroeder, president of the Westmont Hilltop Board of Education, said, "The collective bargaining process was based on rules of engagement that limited the number of issues each side could place on the table. The process provided a focus on important language issues, salary, health care, and retiree benefits that allowed discussions to move forward throughout the successful negotiation sessions in a very dignified and respectful manner. The District is very appreciative of the partnership of shared common goals that was in evidence during the negotiations. The teachers are to be commended for their investment in the future of this district."

"In the current economic environment, it is more important than ever for leaders to work together for the good of the community," said Mr. Matt Lohr, Westmont Hilltop Education Association President, speaking on behalf of the entire WHEA bargaining team. "Our collaborative efforts put the students first. This agreement is fair to the employees, the District, and the taxpayers."

Dr. Susan Anderson, Superintendent of Schools, said it was apparent on both sides of the negotiations table that team members understood the current and future challenges for school districts, and that the fair and appropriate completion of the negotiations process was necessary to help keep the focus on the long-term academic and financial success of the District. "The settlement will help sustain the quality of educational programs and services in the Westmont Hilltop School District and will provide continuity for our students," Dr. Anderson said. "With cutbacks in state and federal funding, building issues, and the impact of the Public School Employees' Retirement System escalating retirement contributions, it will take a collective effort on the part of all stakeholders working together to preserve the fidelity of our educational offerings, and certainly, this agreement provides the opportunity to focus on those efforts now and in the future without the distraction of a long and arduous process of shorter term negotiations."

The Negotiations Committee for the District included Diana Schroeder, Board President; Rooney Gleason, Board Vice-President; Phyllis Forman, School Board Director, Aimee Willett and Dave Andrews, Solicitors for the district with the assistance of Gina Rembold, Business Manager for Westmont Hilltop School District. The WHEA Negotiations Committee consisted of Matt Lohr, WHEA President; and WHEA members Joshua Rearick and Sarah Worst. Marty Boyd, a Pennsylvania State Education Association UniServ representative, participated in the negotiation process, and Melanie Archangelo, a state mediator from the Department of Labor and Industry, provided oversight and monitored the procedural aspects of the process.

###