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NYS PUBLIC EMPLOYMENT RELATIONS BOARD
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MAY 30 2013
CONCILIATION

In the Matter of Fact-Finding

between

York Central School District

and

York Teachers' Association

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Findings

and

Recommendations

(NYSPERB Case No. M2012-077)

Having determined that an impasse exists in the negotiations between the York Central School District ("District") and the York Teachers' Association ("Association"), the New York State Public Employment Relations Board appointed the undersigned to serve as Fact-Finder in the matter, for the purpose of inquiring into the causes and circumstances of the dispute and offering recommendations for its resolution. A hearing in the matter was held on May 15, 2013, at the District's offices in Retsof, New York. Representing the District was Daniel Murray, Superintendent of Schools. Representing the Association was Christina Hamrick, Labor Relations Specialist, New York State United Teachers. Upon completion of the hearing, the record was closed.

BACKGROUND

The Association represents for collective bargaining purposes a total of 90 persons, including full- and part-time teachers, teaching assistants, and various other professionals. Negotiations on a successor to the parties' 2008-2012 Agreement started on February 6, 2012, and reached impasse on May 30, 2012. With the assistance of PERB mediation, the parties tentatively resolved all issues except salaries and health insurance. The parties then jointly requested fact-finding, and I was appointed on February 22, 2013.

I met with the parties' spokespersons on March 13, 2013, to confirm the outstanding issues and to discuss a procedure. The parties confirmed that the only outstanding issues were salaries and health insurance, and at my suggestion they agreed to prepare and exchange written statements of their positions on those issues. In the meantime, on March 26, 2013, the District tendered a new proposal to the Association, which the Association did not accept. The position statements were then exchanged and sent to me on May 3, 2013. The "hearing" on May 15, 2013, was then devoted to the parties' responses to points in their respective briefs and to questions from me.

Prior to fact-finding, the parties' positions on salaries had converged on 2.0 percent increases across-the-board in each of the three years of a new Agreement (2012-2013, 2013-2014, and 2014-2015). The only variant in the record presented to me is in the March 26 proposal from the District, which set forth increases of 1.5, 2.0 and 2.5 percent increases over the three years.

The current health-insurance plan provides for coverage under the "Blue Point 2" Plan with a $5 co-pay for primary-care office visits. The District proposes to increase the co-pay to $20, while the Union is willing to accept an increase to $15. The District also proposes to offer two other options: the "Healthy Blue" Plan and a high-deductible Healthy Blue Plan. The Association is agreeable to these options, as long as members may choose among them each year. Under the District's proposal, however, once a member chooses a lower-premium option, any reversion to a higher-premium option would require the member's paying the premium difference, in addition to the 15 percent co-insurance required under all plans (although that 15 percent would be phased in under the high-deductible option). In its earlier proposal the District had included a requirement that all new unit members be covered by the high-deductible plan as the base plan, but that provision has since been withdrawn, so that all members may choose among the options. At present, 77 of the 90 bargaining-unit members participate in the District's health insurance.

The table below summarizes the major benefits and costs associated with the parties' positions, with District #1 representing its December 18 proposal and District #2 representing its March 26 proposal.

HEALTH INSURANCE COMPARISONS			
	Association	District #1	District #2
Option 1 Blue Point 2	$15 office visit copay 5/20/35 drug copay 85% District pays	$20 office visit copay 5/20/35 drug copay 85% District pays	$20 office visit copay 5/20/35 drug copay 85% District pays
Option 1 Cost	single 6,155 2-person 13,326 family 15,084	single 6,062 2-person 13,033 family 14,847	single 6,062 2-person 13,033 family 14,847
Option 2 Healthy Blue	$25 office visit copay 5/25/50 drug copay 85% District pays	$25 office visit copay 5/25/50 drug copay 85% District pays	$15 office visit copay 5/25/50 drug copay 85% District pays
Option 2 Cost	single 5,647 2-person 12,166 family 13,911	single 5,647 2-person 12,166 family 13,911	single 5,871 2-person 12,659 family 14,493
Option 3 High Deductible Healthy Blue	$1300/2600 S/F ded. 100-90-85% Dist pay HSA 1300/2600 (year 1) HSA 1100/2400 (year 2) HSA 900/2000 (year 3)	$1300/2600 S/F ded. 100-90-85% Dist pay HSA 1300/2600 (year 1) HSA 1100/2400 (year 2) HSA 900/2000 (year 3)	$1300/2600 S/F ded. 100-90-85% Dist pay HSA 1300/2600 (year 1) HSA 1100/2400 (year 2) HSA 900/2000 (year 3)
Option 3 Cost (premium only)	single 3,500 2-person 7,700 family 9,100	single 3,500 2-person 7,700 family 9,100	single 3,500 2-person 7,700 family 9,100
Current Plan Cost	single 6,309 2-person 13,574 family 15,487	single 6,309 2-person 13,574 family 15,487	single 6,309 2-person 13,574 family 15,487

POSITION OF THE ASSOCIATION

The Association notes that the parties have agreed to salary increases of 2.0 percent per year over the three years of the contract. These increases are comparable to or lower than the settlements in surrounding districts, which include Geneseo, Perry, Caledonia-Mumford, and Pavilion. All the surrounding districts have higher median salaries than York.

The Association further notes that in the last round of negotiations it agreed to higher co-pays for prescription drugs, and in the current round it has agreed to a higher $15 co-pay for office visits. This co-pay is comparable to that in neighboring districts. Very few health-insurance contracts provide for a $20 office visit and a 5/20/35 prescription rider as proposed by the District. Moreover, had the District settled the contract earlier in the year, it would have saved money in health-insurance costs in the current year.

The Association argues that with a substantial increase in state aid and a substantial fund balance for 2013-14, the District can afford the difference between the $15 and $20 office co-pay for health insurance. The Association's willingness to accept a modest salary increase and an increase in office co-pays reflects its recognition of the District's financial reality.

POSITION OF THE DISTRICT

The District observes that health-insurance and retirement costs have accelerated markedly in recent years, to the extent that its increased costs for these benefits over a two-year period will be equivalent to 9.8 percent of total salaries, even without a negotiated salary increase. This is well above the rate of increase in the cost of living.

Thus the salary increases offered by the District in each of its proposals were fair and reasonable.

On health insurance, the District notes that the differences between the parties' positions are small. There is no disagreement on the high-deductible plan. On the other options, the District initially proposed the Blue Point Plan with $20 office co-pay and Healthy Blue with $25 co-pay, but the Association wanted a plan with a $15 co-pay. The District then replaced the $25 Healthy Blue option with a $15 Healthy Blue option. An employee who chooses the $15 Healthy Blue plan will save from $65 to $149 compared to the current plan. And although some of the prescription co-pays under the Healthy Blue plan are higher than under the current plan, the premium savings will far exceed the additional prescription costs for most employees. If the Association chooses to adopt the $25 Healthy Blue plan instead, the savings to employees will be greater, even allowing for higher office co-pays. In sum, either of the proposed health-insurance plans would be better for the vast majority of bargaining-unit members, as their net health-insurance costs would decline.

FINDINGS AND RECOMMENDATIONS

The parties have successfully resolved most of the issues that once divided them, and the differences that remain are not large. With the differences as small as they are, it is not necessary here to address the ability-to-pay standard that is prominent in the statutory design of the Taylor Law. Put simply, if the District can afford what it has offered, it can afford what the Association has demanded. Thus the question here is not what is affordable but what is fair and reasonable.

The differences between the parties are essentially three: (1) whether the percentage salary increases over the three years should be 2.0-2.0-2.0 or 1.5-2.0-2.5; (2) whether the Blue Point 2 Plan should carry a primary office visit co-pay of $15 or $20; and (3) whether an employee should be able to move from one health-insurance option to another without incurring any cost beyond the 15 percent co-insurance that applies to all options. Let me address each of these subjects in turn.

1. Prior to March 26, 2013, the parties had come to a meeting of the minds on across-the-board salary increases of 2.0 percent per year. The District's new proposal on March 26 deferred 0.5 percent of the first-year increase to the third year, which would result in a small reduction in the pay received by an employee over the three years. It justified that change by citing lost health-insurance savings and the change in the proposed co-insurance for the Healthy Blue option. I believe, however, that when the parties reach a meeting of the minds on an issue as central as salaries, it should not be disturbed., especially where the amount of money involved is so small. I recommend therefore that the three 2.0 percent increases be implemented.

2. It is clear that the Association has been sensitive to the District's need to gain control over health-insurance costs. It has previously agreed to higher co-pays for prescription drugs, and it has agreed this time around to higher co-pays for office visits. Its position – that a $10.00 increase for office visits is as much as its members should be asked to absorb – is understandable. However, the cost figures presented at the hearing argue strongly for the District's proposal. They persuade me, in short, that the premium cost difference that would be paid by both the District and the employee for

the $15.00 option is in the aggregate appreciably greater than the benefit to employees of saving $5.00 per office visit.

The family-plan premium difference between the $15.00 and $20.00 co-pay options is $237. There has been no suggestion that the plans differ in any other way. Thus the District and the employee would pay $237 ($201 by the District and $36 by the employee) to save $5.00 per visit. An employee and his or her family would have to make more than 40 office visits over a year to compensate for the higher premium. With the $20.00 co-pay rather than the $15.00 co-pay, while some employees would doubtless end up paying more in extra co-pays than they would save in co-insurance, some clearly would not, and the District would end up paying an additional $201 for everyone with health insurance. All considerations taken together, the cost-benefit ratio for the $15 co-pay seems decidedly inferior.

Accordingly, I recommend that the parties adopt the options as proposed by the District on March 26, namely, Blue Point $20, Healthy Blue $15, and High Deductible.

3. The District's proposal to lock an employee into a lower-premium option once it is chosen (unless the premium difference is paid upon return to the higher-premium option) is not compelling. It is justified as a cost-saver, but it might well have the opposite effect, as employees who might otherwise opt for a lower-cost plan resist doing so for fear that their situation will change and they will be stuck. In any event, the point of offering lower-cost plans is to encourage employees to choose an option that meets their needs at lower cost. With a single plan on offer, as is the case now, some employees are likely buying more insurance than they need. By sensibly offering lower-cost plans as alternatives, the District saves money for as long as the employee stays in

one of these plans. Even with the first year of the high-deductible plan, with the District paying the full premium plus $2,600 in the employee's HSA, its total cost will still be less than its share of a Blue Point 2 policy, and its savings will be progressively greater over the next two years. To encourage them to consider lower-cost alternatives, employees should be able to make their selection according to their health needs and family situation at the time, and to change the selection when conditions change for them. For these reasons, I recommend that employees be permitted to choose among the three options each year, with the District paying its contractual premium share (in most cases 85 percent) for whatever option is chosen.

I wish the parties well in bringing these negotiations to a successful conclusion.

May 28, 2013
(dated)

Howard G. Foster
Howard G. Foster
Fact-Finder