

PTHEA

Negotiations Update

Parsippany-Troy Hills Board of Education

January 28, 2019

Negotiations History

The Parsippany-Troy Hills Board of Education and the Parsippany-Troy Hills Education Association have been in negotiations since January 2018, six months before the present contract expired. Over this period of time, the Board made a number of proposals and counteroffers to the PTHEA's demands. The Board is publishing this update to address the public's request for clarification of the Board's negotiations position and in response to the recent information published by the PTHEA. We seek a fair, balanced and competitive settlement that meets the needs of our valued teaching staff while also respecting our fiduciary obligation to the District and its taxpayers.

Negotiations Facts

Negotiations Facts

PTHEA's Statement

- Association members are working without a contract.

BOE's Response

- The 2015-2018 contract between the BOE and the PTHEA continues to govern the terms and conditions of members' employment.
- PTHEA members continue to receive their salary, longevity, and stipend payments.

Negotiations Facts

PTHEA's Statement

- Despite “work[ing]-to-contract” educators continue to come in for early Reading and Title I Math programs for our elementary students.”
- “At this time, we continue to write college recommendations... but receive no acknowledgment in time or compensation.”

BOE's Response

- Teachers receive compensation in addition to their base salary for their work with Reading and Title I Math programs.
- Teachers and counselors are required to write college recommendations. Any assertion that teachers may cease to do so is contrary to legal precedent.

Negotiations Facts

PTHEA's Statement

Take-home pay for experienced teachers has declined by as much as 16% since 2009.

BOE's Statement

- From 2012-2017, PTHEA members have not experienced a decline in their annual gross salaries.*

Take-home pay is subject to a number of factors beyond Board control, such as:

- taxes;
- pension/403(b)/457/disability contributions;
- membership dues;
- teachers applying for additional compensated work such as coaching, club advisors, or lead teacher.

*Due to a change in systems, the BOE does not have access to employees' annual salary information from 2009-2012.

Negotiations Facts

Salary increases since 2013

Annual gross salary for a Parsippany teacher starting on Step 5 of the PTHEA salary guide in 2013*

2013	\$60,509
2014	\$63,360
2015	\$64,705
2016	\$68,282
2017	\$70,142

Annual gross salary for a Parsippany teacher who was at the top of the PTHEA salary guide in 2013*

2013	\$95,171
2014	\$96,641
2015	\$96,980
2016	\$98,780
2017	\$99,380

*Represents annual salary as reflected on W2s and longevity, if applicable

Negotiations Positions

Current Negotiations

- The primary challenges impeding agreement are salary/stipend increases and health insurance contributions/cost containment measures.
- In order to properly understand the parties' positions, it is necessary to understand the limitation on the Board's ability to raise school taxes more than 2% and other financial restrictions.

Salary Information

- The average 10-month salary for PTHEA members for 2017/2018 was \$78,218.00.
- According to the 2017 U.S. census, the median 12-month household income in Parsippany is \$93,915.00.*
- According to NJ HomeLocator.com, the median 12-month household income in Parsippany is \$99,205.00.**

*United States Census Bureau

**Township of Parsippany-Troy Hills NJ Demographic Data and Boundary Map

Additional Salary Information

2015-2018

As per the PTHEA current contract, in addition to their salaries, long-term teachers in the District receive annual longevity payments as follows:

After	2015-2018
Fifteen (15) years	\$2,430
Twenty (20) years	\$3,205
Twenty-five (25) years	\$3,605
Thirty (30) years	\$4,480

Teachers can receive stipends for extra (academic) responsibilities between \$1,567 and \$7,024.

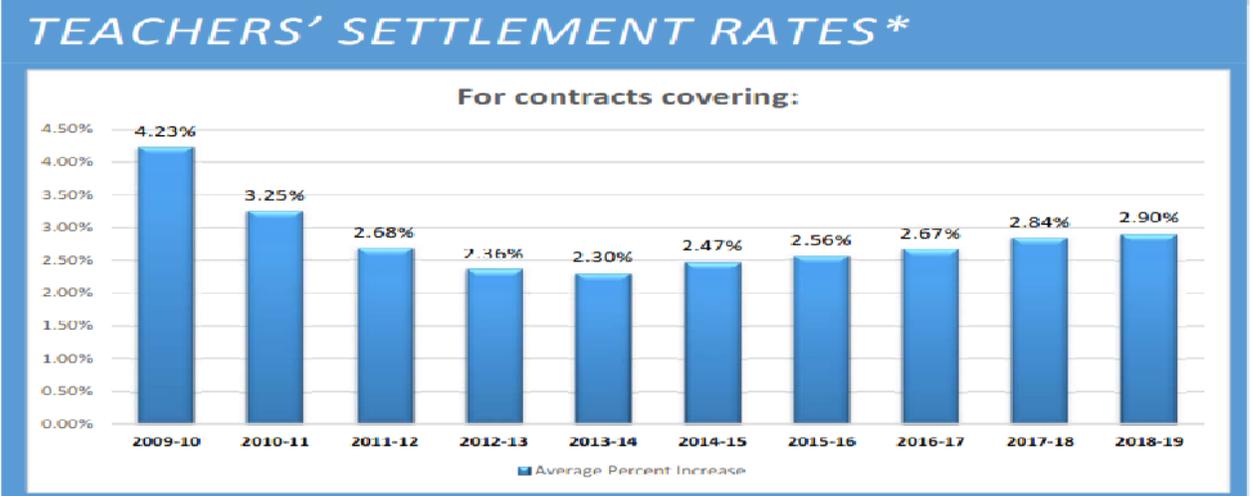
Additional compensation is provided for supervising clubs and activities. For example, stipends for clubs at the High School range from \$902 to \$3,227 which may be shared between teachers depending on the club.

Stipends for coaching positions generally range between \$5,558 and \$9,430.

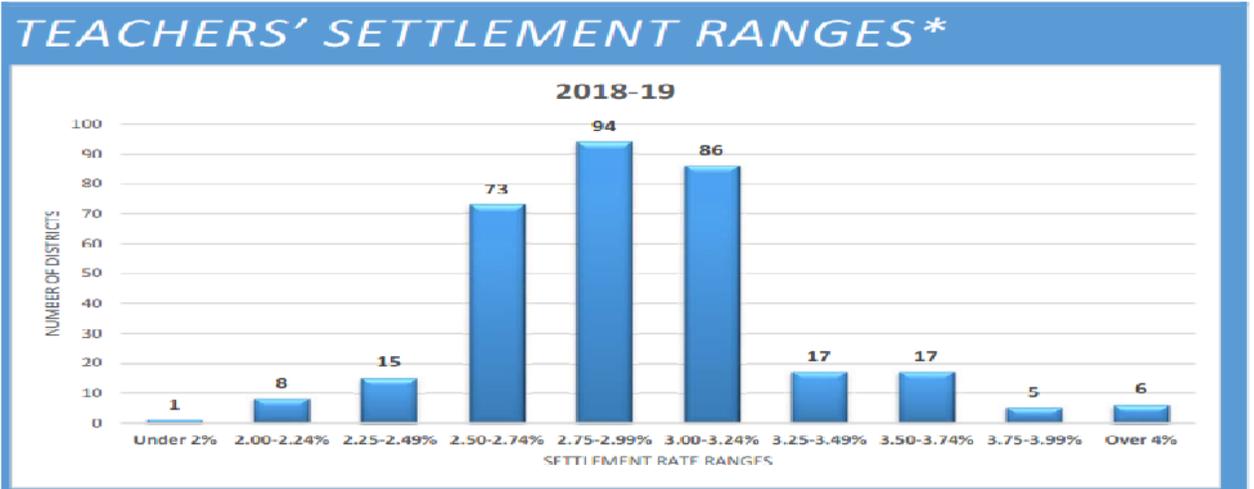
Trends in New Jersey Settlements

Source: Information from Trends in Teacher Contract Negotiations

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*Districts are requested to report settlements inclusive of increment cost and any increases in longevity.



*Based upon 322 settlement rates for the 2018-19 school year, regardless of settlement date.

Parsippany's Salary History

Contract settlements from:

2008-2011	4.5%	4.4%	4.3%
2011-2012	No Contract Changes*		
2012-2015	3.0%	2.5%	2.5%
2015-2018	2.6%	2.6%	2.6%

**Year Chapter 78 went into effect*

Salary Demands

Current Negotiations Position

Association's Position

2018-2019	2.9%
2019-2020	3.0%
2020-2021	3.0%

Board's Position

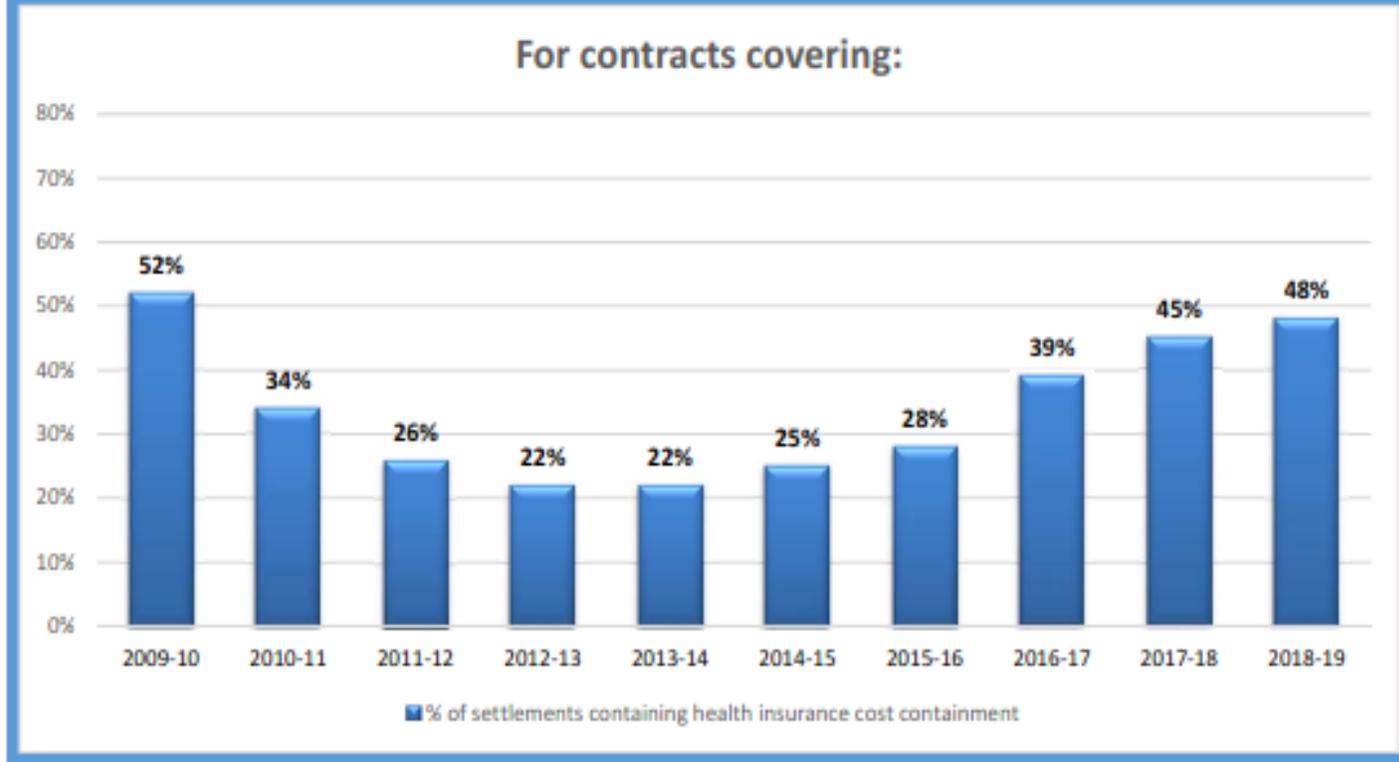
- Agreed *provided that* PTHEA agreed to a \$5.00 increase in prescription co-pays only.

Districts reporting health insurance cost containment achievements

Source: Trends in Teacher Contract Negotiations

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HEALTH INSURANCE COST CONTAINMENT*



*Examples include changing insurance plans to more cost-effective options, increasing co-pays/deductibles, reducing amount of insurance waiver incentives, implementing wellness programs to reduce insurance costs.

Annual Health Insurance Premium Information

- The Board offers its teachers with more than three years of service a choice of two health care packages, a traditional PPO plan and a less costly yet still comprehensive Direct Access Plan. Current plan designs.
 - The least expensive health care package, including prescription, dental and vision coverage for the 2018/2019 school year is \$11,746 under Direct Access Single and \$37,843 under Direct Access Family.
 - The most expensive health care package, including prescription, dental and vision coverage for the 2018/2019 school year is \$12,274 under PPO Single and \$39,852 under PPO Family.
- The District bears approximately 78% of the cost for health, prescription, dental and vision insurance. In 2017/2018, this amounted to approximately **\$16,814,997** for all District employees.
- Beginning January 1, 2013, all new hires who opted to elect health insurance had to enroll in the Direct Access Plan. After completing 36 months of employment, the employee may elect to enroll in the more expensive PPO Plan.

History of Health Insurance Contributions P.L. 2011, c. 78

- Until June 30, 2011, the Board of Education paid the entire amount of eligible Association members' health insurance premium. In an effort to alleviate the rising health care costs borne by school districts, the Legislature passed two laws:
 - Effective 5/21/10, under P.L. 2010, c.2, all public employees were required to contribute 1.5% of their salary toward the cost of health insurance. PTHEA members never had to pay this cost as they were covered by a contract at the time and, therefore, the statute did not immediately apply to them.
 - Effective 6/28/2011, under P.L. 2011, c. 78 ("Chapter 78"), all public employees were required to pay between 3% and 35% of the cost of their insurance premium (depending on salary and coverage level). This was phased in over four years.

Board provided Prior Chapter 78 Relief

2015-2018

- During negotiations for the 2015-2018 contract, in response to the PTHEA's request for Chapter 78 relief, the Board agreed to provide the following assistance:
 - For employees at the maximum guide step, contribution rates were frozen at the level in effect for that employee on July 1, 2016. Additionally, employees at the maximum guide step received an annual payment of \$800 to assist in alleviating increased costs.
 - All other employees on steps 1-15 of the guide received an annual payment of \$200 to assist in alleviating increased costs.
 - The foregoing freeze resulted in an increased cost to the Board of \$31,264 during the 2017/2018 school year and an additional \$78,452 during the 2018/2019 school year. The additional payment resulted in an additional cost to the District of \$240,053 in 2017/2018. These amounts will continue to increase in subsequent years.
 - PTHEA members who elect not to enroll in the health insurance plans receive an "opt-out" payment equating to a percentage of the cost of what would have been their premium.

Health Insurance

Current Negotiations Position

- *The Board of Education has not requested any changes to any health insurance plans outside of the \$5.00 increase in prescription co-pays.*
- The BOE requested, and the Association agreed, that an additional, lower cost health insurance plan be offered to employees, with no requirement that employees enroll in that plan.

Prescription Coverage

Current Negotiations Position

PTHEA Position:

Maintain Present Co-Pays

- \$15/generic
- \$35/brand formulary
- \$35/non formulary
- \$30/70 – 90 day mail order (2 co-pays)

Board's Proposed Co-Pays

- \$20/generic
- \$40/brand formulary
- \$40/non-formulary
- \$40/80 – 90 day mail order (2 co-pays)

Additional Chapter 78 Relief

Current Negotiations Position

PTHEA's Proposal

Eliminate the present freeze and stipend.

A “phase-in” over a three-year period to a uniform 22% contribution rate for all members in all plans.

Board's Proposal

- Eliminate the present freeze and stipend.
- The contribution rate for members in the Direct Access Plan would ultimately be set at 22% per the Association's proposal.
- The contribution rate for members in the PPO Plan would not exceed 25%.

Summary

Negotiations are always a highly sensitive process. Because of the high regard in which we hold the educators of the Parsippany-Troy Hills school community, the Board of Education entered into contract negotiations with a desire to preserve the positive relationships that exist and to work toward a contract that maintains a competitive salary and benefits package for our employees while remaining fiscally accountable to the community and ensuring that we can maintain the integrity of our staffing and programs for years to come.

The Board of Education believes firmly that it has met this goal and looks forward to a successful and positive conclusion to contract negotiations.