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April 4, 2008

Ms. Joy Conley-Kacik
Ms. Christine Cortazzo
Pennsylvania State Education Association
3033 New Butler Road
New Castle PA 16101

✓ Thomas W. King III, Esquire
Dillon McCandless King Coulter & Graham
128 West Cunningham Street
Butler PA 16001

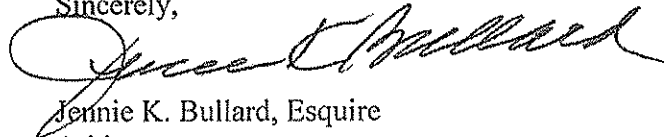
Re: Seneca Valley School District
Case No. ACT 88 -07-23-W

Dear Advocates:

Enclosed please find a copy of the Final Report and Award in the above referenced matter. In compliance with Act 88, there is a majority voting for each one of the separate issues.

I wish to thank everyone for their very diligent and professional work and I sincerely hope the parties will be able to work together and come to a mutually acceptable agreement. My best wishes for a successful school year.

Sincerely,



Jennie K. Bullard, Esquire
Arbitrator

Enclosure

Cc: Ms. Jennifer Kreider, PA Labor Relation Board

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA LABOR RELATIONS BOARD**

In the Matter of Mandated	(Board of Arbitration
	(
Final Best Offer Arbitration	(AAA 55 370L 00350 07
	(
Between	(Jennie K. Bullard
	(Impartial Arbitrator
Seneca Valley School District	(
	(Matthew Hoffman, Esquire
and	(District Arbitrator
	(
Seneca Valley Education Association	(James Henninger-Voss
	(Association Arbitrator

FINAL REPORT AND AWARD

Background

Pursuant to Act 88 of 1992, the undersigned, Jennie K. Bullard, Esquire, was appointed by the Pennsylvania Labor Board as the impartial arbitrator in compliance with Section 1124-A governing the selection of arbitrators. The parties selected Matthew Hoffman, Esquire, as the partial arbitrator for the Seneca Valley Area School District and James Henninger-Voss, as the partial arbitrator for the Seneca Valley Education Association.

The present proceeding is mandated final best offer arbitration, issue by issue, pursuant to Section 1125 (A) (B) of Act 88 of 1982. The Board of Arbitrator's duties include examining each item in dispute, making a determination on each item, and selecting a position on an issue by issue basis based on the final last best offers presented by the parties. The arbitrators are without the authority to modify either of the parties' offers or the report of the Fact Finder.

The hearing in this matter was held on February 29, 2008, at the Administrative Offices of the Seneca Valley School District, located in Harmony, Pennsylvania. Representing and presenting information for the Board of School Directors: Thomas W. King, III, Esquire, Thomas E. Breth, Esquire and Lynn Burtner. Representing the Association and presenting information: Christine Cortazzo, Dr. Erik Elliott and Joy Conley Kacik.

Observers from the School Board were Anthony Storti, Kenneth Brennan, and Thomas Roth. Observers from the Association were Lori Rehm, Rich Norris, George Trew, II, Patrick Andrekovich, Polly Shaw, and Daniel P. Shuman.

The hearing commenced at 10:00 AM and ended at or about 5:00 PM. During this period of time, both the District and the Association were given the opportunity to present their positions in great detail along with supporting data on the several economic issues that remain to be decided between the parties. Observers at the hearing were given an opportunity to make comments and to ask questions of the presenters.

At the close of the hearing day it was determined that there were several items of key information that still needed to be provided. Attorney Thomas E. Breth representing the District agreed to provide that information. This final information was sent to the parties via e-mail and overnight mail with the last of the information arriving on March 17, 2008, thus closing the hearing. The Board of Arbitrators met in Executive session on March 27, 2007 to review and consider the parties' positions and arguments. At the Executive session, the Board of Arbitrators studied the comparative reasonableness of each party's last best offer and in doing so took into consideration the public interest, the interest and welfare of the employee organization, the financial capability of the school district, the information regarding cost of living changes and problems for the future and the cost of financing future school district obligations. The Board of Arbitrators has twenty (20) calendar days in which to provide a final report and recommendation to the parties and to the Pennsylvania Labor Relations Board. Therefore, the date for submission of the final written recommendation to the parties and the Pennsylvania Labor Relations Board is April 7, 2008.

According to Section 1125-A (j) of Act 88 of 1992, not later than twenty (20) days after the hearing the panel of arbitrators shall:

- (1) examine each item of dispute
- (2) make a determination in writing consistent with the arbitration option agreed to by the parties; and
- (3) forward a copy of the written determination to both parties involved in the dispute and to the board.

Under Section 1123-A, Negotiated Final Best Offer Arbitration, the arbitrators in this matter are to comply with the provisions under subsection (2) wherein the award is confined to a choice among one of the following on an issue by issue basis:

- (1) the last best offer of the representative of the employer;
- (2) the last offer of the representative of the employees, or
- (3) the fact-finder's recommendations, should there be a fact-finder's report.

At the outset of this process the parties identified the unresolved issues in their written final best offer statements as follows:

District

1. Wages
2. Health insurance plan benefits
3. Employee premium contributions
4. Retroactivity of wages

- 5. Term of Agreement
- 6. The separate salary column and Master teacher issues raised by the Association

Association

- 1. Wages
- 2. Additional salary columns for M+45 and Ph.D./Ed.D columns beginning with the 2006-2007 school year
- 3. Additional stipend for National Board Certification
- 4. Retroactivity of wages
- 5. Health insurance plan benefits and employee premium contributions

Although the aforementioned issues appear to be few in number and similar in nature at first examination, there are distinct differences in each parties' interpretation and application. The arbitrators do not have the discretion to modify, add to or delete any part of the parties' final best offers but must instead adopt the issues delineated in the offers as presented or in the Fact-Finder's report as presented.

Issue No. 1. Term of Agreement

Both parties agree that under certain conditions, a five-year Term of Agreement would be preferable. The predecessor to this contract was a five-year Agreement and a five-year Agreement will lend a certain stability and certainty to this relationship. Therefore, a five-year Term of Agreement is recommended and the rest of the subsequent recommendations will be based on that five-year term. Salary increases shall be retroactive back to July 1, 2006.

Recommendation:

The final best offer regarding the Term of Agreement for both the District and the Association is accepted.

Term of Agreement – This Agreement shall be effective retroactive to July 1, 2006, and shall be terminated June 30, 2011.

✓ Concur	Dissent	<i>James Henninger-Voss</i> James Henninger-Voss for the Association
✓ Concur	Dissent	<i>Matthew Hoffman</i> Matthew Hoffman for the District
✓ Concur	Dissent	<i>Jennie K. Bullard</i> Jennie K. Bullard, Impartial Arbitrator

Issue No. 2. Retroactivity of Wages:

Both the District and the Association agree that salary schedule changes should be retroactive to July 1, 2006. However, the parties differ as to who should receive the benefit of those retroactive salary changes. The District proposes that retroactive salary increases should

be for all those bargaining unit members who are still employed with the District at the time a new contract is ratified, those bargaining unit members who passed away during that same period and bargaining unit members who retired under the provisions of PSERS between July 1, 2006 and the ratification of the new contract. The Association agrees that those same persons should receive the benefit of the retroactive wage increases but proposes that these benefits should also be extended to all those bargaining unit members who left the Seneca Valley School District's employ on or after July 1, 2006, for other reasons including employment with another school district.

It is certainly generous of the Association to want to cover those persons who left Seneca Valley School District either for personal reasons or to gain employment with another school district or any other type of employment. However, providing retroactivity of wages for employees who have already found other employment does not reward or encourage loyalty to the employer or to the employees who remained throughout these difficult negotiations. Therefore, the provision of retroactivity to employees who voluntarily obtained gainful employment someplace else does not seem rational.

Recommendation:

The District's final best offer is accepted.

Retroactivity of Wages: All salary schedule increases will be retroactive to July 1, 2006 for all bargaining unit members who are still employed with the Seneca Valley School District as of the date of the signing of this contract, all bargaining unit members who passed away or who retired under the provisions of PSERS.

	✓	
Concur	Dissent	<i>James Henninger-Voss</i> James Henninger-Voss for the Association
✓		<i>Matthew Hoffman</i> Matthew Hoffman for the District
Concur	Dissent	<i>Jennie K. Bullard</i> Jennie K. Bullard, Esquire Impartial Arbitrator
✓		
Concur	Dissent	

Issue No. 3. Health Insurance Plan Benefits and Employee Premium Contributions

According to the District's data the increase for health care benefits for the 2007-2008 school year is projected to be a 12.36% increase over the previous year. In reviewing the comparable school district information provided by both the Association and the District, it appears that all of those comparable districts are also sharing in the cost of their health care benefits not only with co-payments for services but also with premium assistance. The District's proposal seeks a substantial increase in co-pays for almost all services in the plan while the Association's proposal for increased co-pays maintains the status quo. The District is looking

for assistance in shouldering the burden of health care costs in addition to increasing co-pays, deductibles and limiting the number of visits in some categories.

The District also proposes the addition of a premium co-payment. The previous five-year contract did not contain a premium assistance provision. The Association understands that their members must bear some of the health care coverage costs and has agreed to the District's premium assistance offer. By participating in the cost sharing of their health care premium, it is estimated that the Association will be assisting the District in covering health care costs over the remaining three (3) years of this contract (beginning with the 2008-2009 school year) in the amount of approximately \$460,000.00. This is an estimate because statistics as to how many of the 575 bargaining unit members are actually enrolled in the District's health care plan were not available.

Recommendation:

The Association's final best offer regarding health plan benefits and employee premium contributions is accepted.

Concur

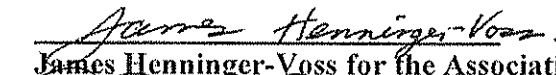
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Concur


Dissent

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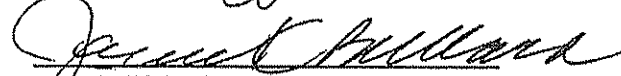
Dissent



James Henninger-Voss for the Association



Matthew Hoffman for the District



Jennie K. Bullard, Esquire
Impartial Arbitrator

Issue No. 4. Wages

The Seneca Valley School District is a fairly large school district with about 575 members in the bargaining unit. The District is above average in its wealth and has been growing in population but, according to the District, that trend is slowing somewhat. The District portrayed a healthy fund balance (in 2007 – a little over 16 million dollars or 20% of the District's total expenditures) but desires to take a cautious approach due to what it sees as a slowing economy, increasing costs for health care and demands on its resources due, in part, to lower state and federal subsidies. In addition, the District is under a state mandate to reserve a portion of the fund balance for encumbered future expenses and of great importance, the District is obligated to make sure its financial integrity is not compromised. The District is not saying that it cannot fund a reasonable increase in the teacher's salaries and benefits but as Fact-Finder, Matt Franckiewicz, observed, the problem arises as to the definition of what is affordable and reasonable.

There is a significant disparity between the parties' final best offers provided for consideration to the Board of Arbitrators. The District's final offer contains increases of 4% on average, per teacher, per year. This increase is inclusive of the salary step increments. The

District also provides a rather large increase or "bump" in the salary schedule for its most senior teachers – those with 19 years or more of service. The Association's final best offer provides for a 4% on-scale raise for each of the five years of the contract. The Association would use the 2005-2006 base year matrix and move each individual on that matrix one step each of the five years until that individual reaches the top step. The 4% increases are in addition to or on top of the existing salary steps.

The parties provided comparables for various surrounding school districts but it is almost impossible to compare the salaries of teachers in Seneca Valley to teachers in other school districts. The District utilized, for the most part, school districts within Butler County as their comparables while the Association offered Pine Richland, North Allegheny, North Hills and Moon Area as its comparables, all of which are situated in Allegheny County. The Butler County districts are comparable because they are in the same county as Seneca Valley while the other districts are all nearby and of similar size and wealth. However, all of these districts are decidedly different in how their salary scales are structured. Beginning salaries and ending salaries do not paint an accurate picture and average salaries are also not adequate indicators. No two salary schedules are alike in that there are varying steps and some built in "bumps" in salaries.

After much thought about the options of the parties, the Fact-Finder, Mr. Franckiewicz, appears to have interpreted the situation correctly in that he stated that he believed that the District's offer is too low and the Association's offer is too high. The Fact-Finder specifically stated that he did not split the difference between the two parties' positions, but instead developed new salary scales with "smaller percentage increases in the early years of the contract somewhat larger ones in the later years of the contract." The Fact-Finder's salary proposal provides slightly more than what the District is offering but less than what the Association is proposing; on average, the Fact - Finder proposed slightly more than 2.1% raises on scale. None of the three options available to the Board of Arbitrators is ideal. If the opportunity were available to develop an alternate salary schedule, the increases should probably be above the Fact Finder's recommendation but less than the Association's. However, that option is not available to this Board of Arbitrators.

The Fact-Finder's salary scales also address the issue of the Association's request that two additional salary steps be added to the salary schedule for those teachers who achieve a Masters degree plus 45 credits and earn a Ph.D. or an Ed.D. The District has a tuition reimbursement program that reimburses teachers up to 15 credits beyond a Masters degree, therefore those bargaining unit members who choose to go beyond what the District reimburses most likely do so for professional growth and enrichment. These teachers should be rewarded for their pursuit of higher education. The attainment of a Doctorate is a point of pride and the District certainly benefits from this scholarship. The financial impact to add these two salary columns to the District should be minimal. The Fact-Finder's report indicates that only 6.5 percent of the current bargaining unit has achieved a Masters plus 30 and it was estimated that there are only three bargaining unit members who have currently achieved a Doctorate.

Recommendation:

The wage proposal in the Fact-Finder's report is accepted.

The salary schedule proposed in the Fact-finder's report dated July 30, 2007 is implemented with retroactivity back to July 1, 2006.

✓

Concur

Dissent

James Henninger-Voss
James Henninger-Voss for the Association

Concur

✓

Dissent

Matthew Hoffman
Matthew Hoffman for the District

✓

Concur

Dissent

Jennie K. Bullard
Jennie K. Bullard, Esquire
Impartial Arbitrator

Issue No. 5. National Board Certification

Statistics indicate that only a few teachers in the Commonwealth of Pennsylvania have attained National Board Certification. The Association's offer proposes that \$4,000.00 be added to the base salary of any teacher who attains National Board Certification in Seneca Valley. The District does not concur and does not agree with this extra stipend. The Fact-finder supported recognition for this certification but suggested an annual stipend of \$2500.00. However, adequate data was not available to permit the Board of Arbitrators to accurately assess the financial impact, if any, of this certification to the District, therefore the District's position must be adopted.

Recommendation:

The District's final offer regarding National Teacher Certification is accepted.

Concur

✓

Dissent

James Henninger-Voss
James Henninger-Voss for the Association

✓

Concur

Dissent

Matthew Hoffman
Matthew Hoffman for the District

✓

Concur

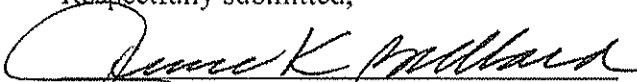
Dissent

Jennie K. Bullard
Jennie K. Bullard, Esquire
Impartial Arbitrator

CONCLUSION

This Board of Arbitrators does recognize the imperfections of Act 88 and the inability to permit us to modify any of the parties' offers. After much consideration and discussion, it became painfully true that the shortcomings inherent in this process will not permit us to resolve all of the problems existing in this contract dispute. However, it is recommended by the Board of Arbitrators that this Award be accepted by the parties to the extent that they can accept all or any part of these recommendations.

Respectfully submitted,



Jennie K. Bullard, Esquire
Impartial Arbitrator/Chairperson