

NEW PROVIDENCE BOARD OF EDUCATION
PUBLIC STATEMENT #2

The New Providence Board of Education (“Board”) and the New Providence Education Association – Teachers and Secretaries Units (“Association”) are currently negotiating successor Agreements to the current Collective Bargaining Agreements (“Agreement”), which expired on June 30, 2018.

The Board seeks to update the public on the status of negotiations because we have seen inaccurate statements circulating around, in particular statements made by the Association. Although we provide details below, in short, the public should be aware that:

- The Board has made proposals to the Association that would save the Association members and the taxpayers of New Providence money as it relates to the cost of health insurance;
- The Board has never frozen salaries for the Association; and
- New Providence teachers are paid fairly and consistently with what teachers are paid in comparable school districts in New Jersey.

The Association represents approximately 225 certified and non-certified staff members employed by the Board. Employees’ salaries and health insurance cost the Board nearly \$20 million dollars. From the beginning of negotiations, the Board advised the Association of the impact of the rising costs of health benefits and the need to limit Board expenses in light of the 2% tax levy cap. To date, the parties have been unable to come to agreement.

Recently, the parties met with a State-appointed Mediator regarding the Teachers and Secretaries Units. Unfortunately, the Mediator was unable to get the parties to reach agreement.

After Mediation, the Association issued a statement to its membership stating that the Board refused to consider “Chapter 78 relief”, which has now led the parties to Fact-finding. That statement is misleading and requires correcting as the Board did provide options for the Association members to save money toward their payments to the health insurance premiums and provide for a higher salary increase in light of the savings that also would have been achieved by the Board and taxpayers. The Association has also inaccurately advised the public that its salary had been frozen for 2 of the last 8 years. These public statements made by the Association have adversely impacted the negotiations process as well as the reputation of the Board. The Board is providing the below details to ensure accurate information is being shared with the public regarding the negotiations.

Chapter 78 was a New Jersey law that mandated that employees pay a percentage of their health insurance premiums. The amount of the premium payment is determined by salary and level of health benefit coverage selected by the staff member. With this new contract, the contribution by employees to premiums can be negotiated.

In an effort to resolve negotiations and provide some offset against the rising costs of health insurance to our staff and the taxpayers, the Board proposed the following solution to reduce the overall cost of health insurance premiums. In 2017-2018, the total cost of health insurance for all District teachers and secretaries was \$4,244,013. Of that amount, those employees paid \$1,009,641 toward health insurance premiums, or approximately 24% of the total cost of health benefits. When you consider all District employees, the Board paid approximately \$5,148,589 of a total premium of approximately \$6,755,791, for health benefits, with the remainder of the premiums paid by District employees. Effective July 1, 2018, health benefit premium rates increased by approximately 10%. That increase is split the same way – 76% to the Board; 24% to the staff.

Containing health care costs is a constant focus of the Board. Our budget is funded almost exclusively from local property taxes. If we reduce what employees pay, we increase what taxpayers pay unless the overall cost is decreased. Moreover, by law the tax levy can only be increased by 2% on a year to year basis, with a few exceptions. In other words, we can only increase the revenue we generate from property taxes by approximately \$780,000, based upon a \$39,000,000 budget. Continual 10% increases in health care costs reduces our ability to earmark money for other items, such as new programs, facility maintenance or technology upgrades.

To mitigate the increase of the cost of health insurance premium, the Board proposed to make the EPO plan (an in-network only plan, with identical providers in-network as any other provided health benefit plan) the base plan, given that nearly 90% of all claims paid for our staff utilized in-network providers.

By moving to the EPO plan, which more directly matches the use of health benefits by our employees, the parties receive a savings of approximately \$390,000 to be shared by the Board and its employees. In addition to the health insurance premiums savings, the Board had offered a competitive salary increase that ensured that New Providence teachers and secretaries would be paid consistently with the marketplace for other New Jersey teachers and secretaries. In sum, the Board's proposal provides an increase in salary to employees and a reduction in employee premium payments.

While the parties work towards negotiating a new Agreement, all of the terms and conditions of the expired Agreement continue. During this time, employees continue to receive their salaries and benefits (health benefits, paid time off, tuition reimbursement, etc.), without interruption.

The Board recognizes and appreciates its employees. The Board has and will continue to negotiate with its employees in good-faith to foster mutual and continuous respect. We recognize that all employees want to be paid fairly for their work. We pay our teachers fairly and will continue to do so in accordance with what is paid teachers in comparable districts in New Jersey. Unfortunately, the cost of premiums for health insurance continues to increase, a circumstance that is out of our control. It is a fact that everyone is dealing with in all places of employment. We are working to control those costs as best as we can.

Last, there has been information circulated that the teachers agreed to a pay freeze in 2010 to help the Board during a difficult economic time for all and that salaries were frozen for 2 years. That is not accurate. For the 2010-11 school year, the State cut all our State Aid. That created a significant budget problem for us that was going to result in significant reductions in programs offered and the layoff of teachers and other staff. Working together, the Board and Association were able to save a number of jobs and programs by working together. The Association agreed to reduce an agreed-upon salary increase from 4.1% down to 2%. In return, the Board extended the contract in existence at that time, which forestalled the implementation of Chapter 78 in New Providence for an additional year, such that the teachers would not have to pay towards health insurance premiums that year and also agreed to a 2.5% salary increase for the extended year. There has never been a salary freeze for our teachers.

In fact, over the last 10 years, teachers in the aggregate have received the following salary increases:

- 2008-09: 4.2%
- 2009-10: 4.15%
- 2010-11: 2.0% (decreased from 4.1%)
- 2011-12: 2.5%
- 2012-13: 2.0% (Chapter 78 payments begin)
- 2013-14: 2.0%
- 2014-15: 2.0%
- 2015-16: 2.6%
- 2016-17: 2.4%
- 2017-18: 2.4%

In all the above negotiations, once an agreement is reached on the aggregate increase, the Association determines how the salary increase will be allocated among its various members. That allocation is then subject to Board approval.

The Board is working diligently to enhance the quality of education while agreeing to terms and conditions with the Association that balance all of the interests and needs of our children and the taxpayers. The Board is optimistic that a settlement will ultimately be reached on a successor agreement.

After meeting with the Mediator, the parties agreed to proceed to the next stage: Fact-Finding. Similar to mediation, a State-appointed Fact-Finder will meet with the parties. The Board anticipates that the Fact-Finder will meet with both parties in order to facilitate an Agreement. In the event that no Agreement is reached, the Fact-Finder will issue a recommendation for settlement after considering the information presented by both the Board and the Association.

We ask for the public's patience as this process continues.