

Before the Arbitrator Nancy D. Powers

In the Matter of:

Moulton-Udell Community
School District, Employer

And

Moulton-Udell Education Association,
Union

Date: July 16, 2013

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PUBLIC EMPLOYMENT
RELATIONS BOARD

Appearances

For the Association: Carol Hauptert
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Statement of Jurisdiction

Moulton-Udell Community School District and the Moulton-Udell Education Association have engaged in collective bargaining for a new collective bargaining agreement. After mediation failed to resolve the

dispute, the Association requested arbitration pursuant to Section 20.22 of the Iowa Code (Iowa Public Employment Act). The undersigned was selected by the parties to hear the case. A hearing was held at the high school in Moulton on June 28, 2013. Both parties had an opportunity to present evidence and arguments in support of their respective positions. The parties mutually agreed to waive the timelines for scheduling a hearing and issuing a decision under the PER Act. The Association filed a Prohibited Practice Complaint with the Iowa PERB on June 25. Both parties agreed the action would not delay the issuance of this award.

Issues at Impasse

Sick leave

Association: Current Contract language

District:

unnumbered paragraph 6 will be amended to be new paragraphs 6 and 7 and to read as follows:

Employees may use sick leave for employee's family. Eligible members of the employee's family are the spouse, children, spouse/domestic partner's children, parents, brothers, sisters, grandparents and grandchildren. Employees requested (sic) sick leave must designate personal illness or family illness on the request form or be subject to disciplinary action.

An employee is limited to using five (5) days of sick leave per contract year as leave for the employee's family members other than employee's spouse, parents, and children unless the family member is also of the employee's household. Additional days may be granted upon application to and approval by the superintendent. Children of the employee's spouse/domestic partner are part of the family if they reside in the residence of the employee.

Insurance

Association:

The District will provide a health insurance plan for each full-time employee as follows: Employees electing single coverage will receive \$615 per month toward the purchase of health insurance. Any balance will go toward dental insurance or toward an annuity of the employee's choice. Employees electing 2-person coverage will receive \$615 per month plus an additional \$100 per month to be used toward the purchase of health or dental insurance or toward an annuity of the employee's choice. Employees electing family coverage will receive \$615 per month plus an additional \$200 per month to be used toward the purchase of health or dental insurance or toward an annuity of the employee's choice. The plan will be administered in compliance with the Iowa Code.

Dental Insurance: Current Contract

Increased cost of the proposal: \$10,800

District:

\$615 per month shall be deleted and substituted in lieu thereof shall be \$630 per month.

Increased cost of the proposal: \$3,240

Wages/Salaries

Association: Step Movement. \$465 BA Base increase (New base: \$25,648).

Increased cost of the proposal: \$27,983 (without FICA and IPERS)

District: Step Movement. \$517 BA Base increase (New base: \$25,700).

Increased cost of the proposal: \$29,441 (without FICA and IPERS)

Under Section 20.22 of the Iowa Code, the arbitrator has the authority to select from either offer on each impasse item to comprise the final contract, along with the issues not in dispute.

Background Facts

The Moulton-Udell Community School District is located primarily in Appanoose County, Iowa on the Missouri border in Southern Iowa. There are 18 full-time and 4 part-time teachers in the bargaining unit represented by the Moulton-Udell Education Association. Current enrollment in the pre-K-12 district is 224 students. The parties have engaged in collective bargaining since the implementation of the Iowa Public Employment Act in the mid-1970's. The Association states that the Association and the District have an amicable bargaining history. Only in 1981-1982 did the parties resort to fact-finding and arbitration to settle the dispute.

The Parties' current contract provides a salary schedule with 3.25% between the steps and lanes, The offers of the parties on wages are \$52 apart in base salary. According to the Association, no change in ranking in either comparability group will occur with either offer. Teacher Salary Supplement money is in addition to salaries on the salary schedule.

The District has received a 9.4% increase in its regular program monies for 2013-14. It will also receive a 2% supplemental one-time increase this year for a total 11.4% increase in regular program monies. In

the last 23 years, the District has received over 5% increases in RP monies on only 4 occasions. In 2011-2012, the District reduced staff by 4 positions.

Factors to Consider in Fashioning an Award

Iowa Code §20.22 provides as follows: The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Bargaining History

Wages: Over the last 23 years, on only 4 occasions has the district received significant increases in regular program monies (over 5%). The District reduced staff in 2011-2012 by 4 positions. Since 1990-91, the settlements in M-U have averaged 3.54%, while the regular program monies have increased by an average of 1.14%. Most of those years, M-U experienced either no growth or a negative growth in regular program monies. Over the same period, statewide settlements have averaged 4.49% total package increases. In 1999-2000 the parties negotiated a two-year agreement. The District had 5.27% RPI, the settlement was a

3.58% increase with the parties agreeing to an increase the same as the RPI increase for the following year (which was 0%). In 2001-2002, the parties negotiated a settlement .40% below the statewide settlement trend and below the 6.07% local regular program increase as a quid pro quo to add infinite longevity steps to the Extra Duty Schedule and a payout of the entire amount of the settlement on wages. The following year of the two-year contract, the District got no new money as did the teachers. In the ensuing years, when the District experienced negative RPI growth, the teachers negotiated settlements ranging from 3.03% to 4.25%, all below the statewide trends except for two years.

Sick Leave: Sick leave was added into the contract in 1979-80.

Initially it was only 3 days for hospitalization. In 1983-85 the leave went to 5 days. In 2002-2003, the parties added language which expanded usage to the illness of family members of second degree of consanguinity. In that year, the association agreed to a wage and insurance freeze, along with the liberal family illness leave definition, in a year when the District had no new money. The next contract added a consanguinity chart. In 2005-2006, domestic partners were added. The District wanted to remove the consanguinity chart, so the parties added all the people who qualified. In 2007, the parties defined spouse and children. In 2008, the parties added the need to identify whether family or personal illness leave was being taken.

Health insurance. Eleven people take single coverage. Three people take 2-person coverage. Four people take family coverage. From the beginning of collective bargaining, the District paid 100% of the single premium. In 1991-92 the parties bargained a flat rate contribution, which always covered the cost of single coverage. The District increased its contribution each year until 1999-2004 when there was no increase in the District's contribution. In 2011-2012 a 2-person plan was offered as an option. Up until 2010 the District's contribution to the family premium was around 50%. After adding the two-person plan, the cost of the family premium increased by over \$300. In 2012-13 the premiums did not increase and the District added \$10 to its contribution, which is \$615 per month. The District's offer is to increase its contribution to \$630 per month.

Ability to Pay

The District did not contend it lacked the ability to pay the Association's offer. The District has experienced a negative growth in its regular program budget in every year since 2004-05 except 2007-2008 when there was a .8% increase. For 2013-14, the District is gaining 9.4% in growth of its regular program monies. This increase is due to an increase of students. The legislature also appropriated an additional 2% increase, so the District's total regular program increase will be 11.5% or \$144,624. For 2014-2015, the allowable growth in regular program budget will be 4%. Expenditures for instructional services have declined over the last two

years, while other categories of expenditure have increased. The District, while very small, is financially within the benchmarks used to assess financial health. Its unspent balance is in the middle of the ranking of school districts in the state. Its solvency ratio is 6.8%, within the 5-10% for a targeted solvency position as determined by the Iowa Cash Anticipation Program.

The District's 11.5% increase in regular program budget ranks the District 6th in the state in growth rate. The difference between the parties' offers is a cost of \$8,260. The District can easily afford either offer.

Comparability Group

District : Uses Great Prairie AEA schools under 500 enrollment. The schools range from 213 students at Moulton-Udell to 464 students at Waco. M-U has the 3rd highest total experience, but the highest in-district experience. The District also uses the Blue Grass athletic conference. It is comprised of ten schools ranging in size from 117 students at Diagonal to 388 students at Twin Cedars. M-U has the most experienced staff at 12.7 years average experience.

Association: The Association uses the Blue Grass Conference and schools within a 30-mile radius of M-U. This group includes Albia, Centerville, Davis County and Ottumwa, all of whom are substantially bigger than M-U, but none of whom have the RPI increase near that of M-

U.

There are no recorded settlements for the Blue Grass Conference. For the Associations' second comparability group, the average RPI increase is 1.68% and the average settlement is 3.86%.

Positions of the Parties

The Association

The Association contends its' positions on the three issues is the most reasonable. The most important issue to the Association is health insurance premium relief for employees who take the 2-person or family health insurance. Members sought a lower wage increase to cover this priority. Family illness leave has not been a problem in the District and was voluntarily negotiated by the parties in a quid pro quo for wages.

The School District

The District asserts its preference to pay salary rather than increase insurance payments to teachers with 2-person or family coverage, a benefit which will increase and require the District to keep upping its contribution accordingly. It wants a fixed cost to budget for. Thus, its wage offer is above that of the Association. Employees can designate funds from which to pay their family health insurance premiums. They

should have an incentive to save tax-exempt money for this purpose. Employees should have an incentive to pick the cheaper insurance policies. That incentive is diminished if the District pays a larger share of 2-person and family insurance premiums. More employees will undoubtedly take 2-person or family insurance as a result, increasing the District's costs.

The District is also seeking relief from what it considers a too liberal family illness leave provision.

Discussion and Conclusions

I have taken into consideration the statutory criteria for determining the most reasonable offer on each impasse item. Considering these, and the parties' arguments in support of their positions, I make the following decision.

Sick Leave: The employees bargained their current sick leave article over a period of years. The changes occurred in exchange for modest or no wage increases. The District obviously did not offer any incentive to the Association to modify the sick leave language in bargaining. Nor was the District able to demonstrate any "problems" with the current leave, except that they preferred not to have employees take so much leave. The statistics on leave use do not demonstrate any unusual increases in

use, other than a fluctuation up and down through the years. The current contract provides ways for the District to monitor use of the leave. The District did not carry its burden to warrant a change in the benefit.

Health insurance: I find the Association's offer is the most reasonable. Employees have already selected coverage for 2013-14, so no employee will be able to make changes. Association's proposal is a flat dollar amount, not a percentage. The District is not losing any control by paying a flat dollar amount increase on 2-person and family insurance premiums. District's "philosophy" to insist on paying salary instead of more insurance costs, is not a bargaining criteria, it's a position. The District is expecting a 2-3% increase in health insurance costs for 2013-14. There may be additional ACA fees which employees will be required to pay as well.

Comparability is not particularly helpful in determining the outcome on health insurance coverage. There is wide divergence within all comparability groups. It is impossible to know what trade-offs were made to acquire the health insurance coverage in each district. I find bargaining history is more informative on this issue.

Wages: I find the Association's offer is the most reasonable. The total cost increase of the wage and insurance proposal is \$45,493 or a 4.13% total package increase. This cost is in line with other districts with increased RP monies. Of nine Districts with RPI of Plus/Minus 2% of M-U, the

average total package settlement has been 4.56% with an average RPI of 8.53%. Of the 18 Districts with 5% or greater RPI, who have settled their contracts, the average total package settlement has been 4.49% with an average RPI increase of 7.69%. The Association has carried its burden on the total package.

Award

The parties contract for 2013-2014 shall consist of the items already agree to as well as the Association's proposals on wages, health insurance and sick leave.

July 16, 2013

A handwritten signature in cursive script, appearing to read "Nancy D. Powers". The signature is written in black ink on a white background.

Nancy D. Powers

Arbitrator