

## **2012 Collective Bargaining & Strike Outlook**

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### **Salary and Health Care Benefit Trends Briefing**

#### **Salary Trends**

The average statewide base salary increases (per SERB data) for school district teacher contracts settled in 2011 is .96%. However, many districts settled negotiations this past year with 0% increases or “freezes/rollovers” for short terms. Many also received concessions in the area of health care benefits. This will have an impact on 2012 negotiations as the long-term impact of 0% settlements continually lowers the statewide averages.

- Average teacher salary is approximately \$54,450.
- Average school district base salary increase ('10 over '09) is 1%, which is approximately .63% less than last year. Among all public sector unit types, teachers showed the lowest increase compared to the statewide average for all employees of 1.26%.
- One strike notice has been filed w/SERB since January 2011.
- Of 742 Boards of Education, 653 have negotiated agreements for a total of 1237 contracts covering 196,743 employees (SERB data).

**Recap of key provisions in labor contract settlements  
reported in *School Management News*  
(April through December 2011)**

	<b>Certified Contracts</b>	<b>Classified Contracts</b>	<b>Total Contracts</b>
<b>Number of settlements</b>	<b>127</b>	<b>53</b>	<b>180</b>
<b>0% increase on the base for one year</b>	<b>27</b>	<b>12</b>	<b>39</b>
<b>0% increase on the base for multiple years</b>	<b>90</b>	<b>32</b>	<b>122</b>
<b>No step increase for one year</b>	<b>31</b>	<b>9</b>	<b>40</b>
<b>No step increase for multiple years</b>	<b>44</b>	<b>18</b>	<b>62</b>
<b>Increase to employee share of health insurance premiums</b>	<b>66</b>	<b>25</b>	<b>91</b>
<b>Contracts voluntarily re-opened early</b>	<b>12</b>	<b>5</b>	<b>17</b>
<b>New contract includes a re-opener</b>	<b>8</b>	<b>0</b>	<b>8</b>

## Unusual contract provisions we've seen this year

	<b>Number of Contracts (both classified and certified)</b>
<b>Furlough days/additional days without pay</b>	<b>4</b>
<b>Longer than 3 year agreement</b>	<b>5</b>
<b>Contract extensions</b>	<b>13</b>
<b>Modified or delayed step increases</b>	<b>9</b>
<b>Revised supplemental salary schedule</b>	<b>5</b>
<b>Salary reduction</b>	<b>2</b>
<b>Guarantee of no RIFs</b>	<b>3</b>

## Health Care/Plan Design Trends

Base medical and Major Medical	0%
Comprehensive major Medical	7%
Preferred Provider Organization (PPO)	77%
Point of Service	2%
Health Maintenance Organization (HMO)	3%
High Deductible Health Plan (w & w/out HSA)	10%

## Avg. monthly medical and prescription drug plan premium/funding levels

Average Monthly Premium      \$489/single, \$1,236/family

Average Monthly Contribution      \$46/single, \$140/family

*or*

9.5%/single, 11%/family

- New health care data is based on recent SERB 19<sup>th</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector.
- Data is representative of medical insurance plans in effect on January 1, 2011.

## Other key findings from the report:

- Statewide, the average monthly premium for medical and prescription coverage when prescription is included in the medical premium is \$474 for single coverage and \$1,251 for family coverage.
- Average employee contributions to bundled medical premiums that include prescription drug coverage are \$46 for single coverage and \$136 for family coverage. Employee premium contributions for single coverage rose 6.5% from last year; employee contributions for family coverage rose 6.3% from last year.

- Average employer contributions to medical premiums that include prescription drug coverage are \$428 for single coverage and \$1,117 for family coverage. Employer premium contributions for single coverage rose 2.8% from last year; employer contributions for family premiums rose 5.2% from last year.
- The average annual cost to employers per employee for medical coverage when prescription drug is included in the premium is \$10,572, a 4.6% increase from the average employer cost in 2010.
- The one-year increase in medical premiums between January 1, 2010 and January 1, 2011 is 3.5% for single coverage and 5.6% for family coverage.
- For medical plans where prescription drug is purchased separately from medical coverage, average medical and prescription premiums increase to \$526 for single and \$1,283 for family coverage.
- For plans that have prescription coverage included as part of the medical premium, the average annual cost to employers per employee for medical and prescription coverage only is \$11,701, which is a 4.7% increase from 2010.2
- The vast majority of medical plans entail employees to contribute a portion of the medical premium cost; for 2011, only 16% of single medical plans and 12% of family medical premiums were paid 100% by the employer. This distribution is basically unchanged since the 2010 report.
- When employees pay a portion of the premium, the average monthly contribution is \$54 for single and \$151 for family coverage. This represents an increase in premium cost to employees of 5.8% for single coverage and 4.9% for employees with family coverage.
- The vast majority of medical premiums (92%) include prescription benefits. In 8% of plans, prescription benefits are carved-out.
- In some cases, dental (12%) or vision (16%) benefits are included in the medical premium package.
- Statewide average copayments are \$15 for office visits (non-specialist), \$75 for emergency room visits (sometimes waived if admitted), and \$25 for urgent care visits.
- The vast majority of plans (84%) require a deductible before cost-sharing of out-of-pocket medical expenses begins, increased from 73% of plans in 2010.
- Only 10.5% of plans do not require employees to pay a deductible or co-insurance for medical coverage.

- Most jurisdictions (92%) offer an option for dental benefits; the majority of jurisdictions that offer dental coverage (84%) do so via a carve-out plan separate from the medical premium.
- Dental maximums range widely - from \$100 to \$5,000. The majority (64%) of jurisdictions with dental coverage have dental maximums between \$1,000 and \$1,500 per person covered.
- A little over two-thirds (69%) of jurisdictions offer some level of vision coverage; of those offering vision coverage, most jurisdictions (87%) do so via a separate, carve-out plan.

### **Bargaining Outlook Briefing**

Earlier this year the state introduced SB5, which had a major impact on collective bargaining for schools. By large, settlements were quick and easy, with unions willing to take salary and benefit concessions in order to get a signed contract before any aspect of SB 5 could impact their members. Some districts even experienced unions asking for re-openers in order to give back agreed-upon salary increases. While this was going on, the state also enacted its budget bill, HB 153, which also addressed some of the same policy issues as SB 5 did. By large, the budget bill passed without much attention from the unions. Consequently, issues such as evaluations, seniority/RIFs, terminations, transfer/assignments (among others) will have to be addressed in the next round of school bargaining. These should prove to be unpopular with unions as they represent concessions in areas that have been negotiation battlegrounds for years.

Additionally, the unprecedented salary and benefits concessions given this year will undoubtedly be sought to be “made-up” in quick order. If the unions are successful in repealing SB 5, expect them to take a very aggressive stance in the next round of bargaining as well, as they will assume the public support of the referendum translates to all-around union support when it comes to negotiations. Unfortunately, there is little in the budget bill to support any assumption that schools will have more money to make anything up, let alone give any additional raises in the near future.

For many districts, this means that they need to expect that the next round of bargaining will be extremely difficult and long. Schools continue to have salary indexes that cannot be sustained with current revenue and the lack of turnover. However, many school employees now will not retire until they

receive significant boosts in their final salaries. This also has an impact on health benefits' costs, severance pay, etc. Statewide, RIFs will continue as will local levy efforts. Union frustration will grow and, unless otherwise banned, strike threats will dramatically increase.

Keep in mind that the issues of *status quo ante*, implementation and phrases such as exigent circumstances will continue to be hot topics during the next few years. SERB will continue, in many ways, to be an important player in collective bargaining. As negotiations become increasingly difficult, consider that more and more charges (usually ULPs) are usually filed with SERB and their administrative rulings can shape the course of labor relations for years. In the last couple of years SERB has been faced with a myriad of situations involving schools, finances and negotiations and has dealt with each on a case-by-case basis, clearly eschewing setting precedents. This degree of uncertainty may actually encourage even more ULP charges or court cases with school districts being the named "charged party."