

# TASD Town Hall Presentation

---

Update on Teachers Union Negotiation and Financial Future

November 2017

# Follow-Up from Our Last Presentation

---

- Transparency of our Board
- Consolidation Process
- Fiscal Responsibility
- Future Projected Deficit
- Challenges we Face in Education and Financials
- Decisions for the “Greater Good of Everyone”
- Community Norms
- Informational/Educational Presentation Tonight

# TASD BOARD

---

- Our DUTY is to provide the BEST EDUCATION possible for ALL Students in our Community while keeping in mind the RESOURCES which are Available



# Financial Picture

---

- PDE Published Data, cost per student in TASD \$19,400 (2015-16)
- Locally the range is \$12,923/student to \$18,930/student
- Our district enrollment continues to decline (5000 to 2300 students)
- High Taxes in TASD in face of declining student enrollment

# Financial Picture continued

---

- Projected near 3 million dollar Deficit
- Lower Fund Balance
- Salary/Benefits and Compensation Package
- Consolidation Process
- GOAL: Our Board wants to “shrink the deficit” and provide a Fair Compensation Package with Quality Healthcare and Benefits to our Employees

# Financial Picture Continued

## Fund Balance vs Deficit

June 2014	8.5 MM	+1.2 MM	(surplus)
June 2015	9.7 MM	-3.4 MM	(deficit)
June 2016	6.3 MM	-1.5 MM	(deficit)
June 2017	4.8 MM	-3.2 MM	(deficit)
June 2018	1.6 MM	-2.1 MM	(deficit)
June 2019	(0.5 MM)	-2.1 MM	(deficit)
June 20120	(2.6 MM)	-2.1 MM	(deficit)



# Contract Offer Status

---

- Language Issues - NOT DISCUSSED
- Financial Issues: Salary, Healthcare, PSERS (retirement), Fringe
- Assumptions will be made in the proposal explanations
- Very Difficult to pinpoint financial numbers because there are some “moving targets” and there are accepted ranges of costs. These numbers are as close as we could get based on our current financials.
- TASD Board is asking our Teachers for HELP over next 4 years

# Healthcare Options

---

- Highmark HMO/HRA Plan
- Geisinger (GHP) Health Plan HMO/HRA
- Both Excellent and Well Know Insurance Products
- Currently TASD has Geisinger HMO, Highmark HMO and Highmark Traditional (old Blue Cross Traditional)- Very Expensive Premiums as they exist currently, not a High Deductible Model (Lower Premiums)



# TASD Healthcare OFFER

---

- Offer a Choice of 2 plans: GHP-HMO/HRA or Highmark HMO/HRA (Trust plan)
- HRA Plan is High Deductible Plan: \$4,000/\$250 (max \$4,000 x 1)
- Copay: \$20/primary care visit, \$40/Specialist visit, \$100/ER visit
- Prescription plan: \$10/\$25/\$35 Copay with 2 x 90 day supply (mail)
- LOWER COST PREMIUM PLAN will act as the yearly “BASE PLAN”- Employee pays the difference in total premium cost when selecting the “NON-BASED PLAN” (HIGHER COST PREMIUM)
- Current Act 93 Employees are utilizing the HRA Model, SUCCESSFULLY

# Healthcare Options Continued

---

- GHP HMO or Highmark HMO- both are HRA model
- Deductible Range: \$250/single, \$500/employee-spouse, \$750/family plan with these figures the employee responsibility
- TASP Responsibility: \$3750/single, \$3500/employee-spouse, and \$3250/family plan (which adds up to a max total of \$4,000/plan)
- After the \$4000/year is reached the the Insurance Company pays
- Employee can use Flexible Spending Account (FSA) to pay for Deductibles and Copays using PRE-TAXED DOLLARS

# TASD HC OFFER Continued

2017-18	HC Already Paid as of July 1, 2017 approximate cost of \$400,000	Already is 4% premium MAX 1% Salary CAP
2018-19	HRA Plan Choice GHP or Highmark HMO	4% premium with MAX 1% SALARY CAP
2019-2020	HRA Plan Choice GHP or Highmark HMO	10% premium share with MAX 3% Salary Cap
2020-2021	HRA Plan Choice GHP or Highmark HMO	15% Premium Share with NO CAP



# Cost of TASD HC Plan offer: Even with this employee contribution District Still has Yearly Increase (Shared Impact)

---

2017-18	2018-19	2019-20	2020-21
\$3,688,255	\$3,524,337	\$3,640,656	\$3,723,811
Current Premium Share 4%/1%	4%/1%	10%/3%	15% premium share NO CAP
Current Healthcare Plan	HRA HMO plan choice	HRA HMO plan choice	HRA HMO plan choice

# HC Offer ASSUMPTIONS

---

- Constant 205 teachers
- 10% increase in Premium based on insurance claims data
- HRA contribution is at 50% Utilization (TASD PAYS up to half of the deductible, i.e. \$4,000 x 1)
- Calculation is based off the current lower GHP rate quote compared to the TRUST Highmark rate quote

# TASD Salary Raise Package (Wage Injection into the Matrix, PSERS, Fringe costs)

	2017-18	2018-19	2019-20	2020-21
Raise	0%	1.5%	1.5%	1.8%
Salary	\$13,882,956	\$14,091,200	\$14,302,568	\$14,560,014
PSERS	\$4,521,678	\$4,816,372	\$5,094,574	\$5,267,813
Other Fringe	\$782,506	\$807,208	\$833,546	\$863,577
Total	<b>\$19,187,140</b>	<b>\$19,714,780</b>	<b>\$20,230,688</b>	<b>\$20,691,400</b>



# TASD Financial Cost

---

- 4 year contract
- Salary/PSERS/Fringe: \$875,000
- Healthcare cost Increase: \$35,000
  
- Total Package \$910,000
  
- Equivalent of approximately 3.5 mil Tax Increase to fund the teachers “major cost” of proposed compensation package

# UNION PROPOSAL

---

- 5 year contract September 2017 to August 2022
- Keep Current Healthcare “AS IS”, NOT HRA Model
- 3% Salary injection into Matrix per year with 2017-18 retroactive
- Excludes any “Language issues” in the proposal
- Same assumptions as TASD Proposal- Same parameters

# Union Healthcare Cost Summary

---

2017-18	2018-19	2019-20	2020-21	2020-22
\$3,688,255	\$4,048,081	\$4,407,906	\$4,845,367	\$5,329,903

Keep 4% premium share with 1% salary MAX CAP for all 5 years



# Union Proposal: Salary, PSERS, Fringe cost

	2017-18	2018-19	2019-20	2020-21	2021-22
Salary	\$13,882,956	\$14,299,445	\$14,728,428	\$15,170,288	\$15,612,134
PSERS	\$4,521,678	\$4,887,550	\$5,246,266	\$5,488,608	\$5,682,816
Fringe/other	\$782,506	\$807,208	\$833,546	\$863,577	\$910,000
Total	\$19,187,140	\$19,994,223	\$20,808,240	\$21,522,466	\$22,204,950

# Union Proposal Summary Cost

---

- Healthcare Cost over 5 years: \$1,641,648
- Salary/PSERS/Fringe over 5 years: \$3,017,810
- Total Package Cost: \$4,659,458

# Union ADDITIONAL PROPOSAL

---

- Early Retirement Special Option (ERSO)- this clause is now currently excluded from our “status quo” contract as this provision has sunset as of August 2017
- This ERSO Clause offers up to 55% of salary for Teachers with 25-30 years of T ASD service (in addition to Teachers Pension)
- This ERSO Clause offers Single HC coverage of the retired employee until medicare age (Currently 65 but will be rising in future)
- Proposed ERSO clause offered in year 1, year 3 and year 5 of Union Proposed contract



# Union Proposed ERSO Costs

---

- 55% of the \$80,000/year salary is \$44,000 one time buyout/teacher
- Current HC rate for single plan is \$9,000/year (mix of current plans)
- There can be a total of 46 employees who can request ERSO over the 5 year term of Union Proposed contract
- Staggering cost to TASD:  $46 \times \$44,000 = \$2,024,000$  for salary buyout which does not take into account of the 3% raise proposal
- Healthcare Years total 438 based on the 46 employee teachers who may consider ERSO: Staggering Cost  $438 \text{ HC years} \times \$9,000 = \$4,204,800$  This number does NOT ACCOUNT FOR HC COST INCREASES

# UNION PROPOSAL COST Continued

---

- ERSO Grand Total **\$6,228,800** EXPOSURE to T ASD over 5 years
- Compensation Package (Salary, PSERS, Fringe) and Healthcare Cost: **\$4,659,458**
- **GRAND TOTAL EXPOSURE** is **\$10,888,258** over 5 years
- **T ASD BOARD** could not begin to tell the taxpayers what kind of **TAX INCREASE** we could ask for except bring forth a tax proposal increase via “Referendum” on the Ballot
- Many “ifs” in all these ERSO Calculations

# Overview

---

- TASD Board Proposal cost = \$910,000 This provides a raise for teacher employees while maintaining quality, well-know Healthcare Coverage. This proposal would require approximately a 3.5 mil Tax hike over these 4 years
- Union Proposal cost, **EVEN WITHOUT ERSO**, would be \$4.66MM over 5 years which would require a 17 mil Tax hike over 5 years. If the ERSO is added in then the tax hike would require a ballot “referendum”



# Conclusions

---

- T ASD Board will continue working with the union in negotiations
- T ASD Board is asking for assistance from our employees to help “shrink the deficit” by accepting a fair Compensation Package
- It is OUR COMMUNITY and we all have a responsibility to our Citizens, Students, and Employees to keep moving our District forward both in Comprehensive and Innovative Education and in Financial Stability
- Our Future in Public Education is NOT Certain but WE still have some Control of our Future