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**THE HOLLIS EDUCATION SUPPORT STAFF ASSOCIATION / NEA-NH**

— and —

**THE HOLLIS SCHOOL BOARD**

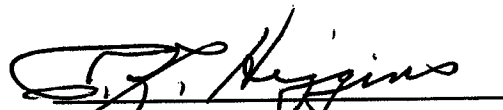
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**FACTFINDER'S BILL**

May 24, 2011	1 Fact Finding Session.....	\$1,200.00
Various Dates	1.4 Study and Preparation Days.....	1,680.00
	Travel .....	<u>18.00</u>
	TOTAL .....	<u>\$2,898.00</u>

**Association: .....\$1,449.00**

**Board: .....\$1,449.00**



**Richard G. Higgins**

**Arbitrator**

**TIN: 022-30-4065**

**DATED: June 29, 2011**

**THE HOLLIS EDUCATION SUPPORT STAFF ASSOCIATION / NEA-NH**

— and —

**THE HOLLIS SCHOOL BOARD**

**FACT FINDING REPORT**

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**Issue #1—Wage Increase**

I recommend a three-year agreement covering 7/1/10 through 6/30/13 with Step increases and 2.0 percent wage increases effective on both 7/1/11 and 7/1/12.

**Issue #2—Health Insurance**

I recommend that effective 7/1/11, the figure “\$975.00” in Section 15.2 be changed to “\$1,075.00.”

**Issue #3—Retirement Contribution (New Section Article XIV)**

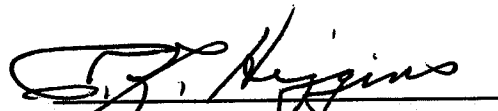
I recommend against adoption of the proposed “new” Retirement Contribution language.

**Issue #4—Article XVI, Section 16.7, “Accrued Sick Leave”**

I recommend against any change to Section 16.7, “Accrued Sick Leave.”

**Issue #5—Section 18.4, “New”**

I recommend against the Board’s proposed Section 18.4 new language.

  
Richard G. Higgins

DATED: June 29, 2011

**THE HOLLIS EDUCATION SUPPORT STAFF ASSOCIATION / NEA-NH**

— and —

**THE HOLLIS SCHOOL BOARD**

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A Fact Finding hearing involving the above-referenced parties was held on May 24, 2011, in Hollis, N.H. before Factfinder Richard G. Higgins. The hearing was conducted under the rules and auspices of the New Hampshire Public Employee Labor Relations Board.

At the hearing, the parties presented both oral and written statements in support of their positions. At the close of the May 24, 2011 hearing, the parties reserved the right to submit additional written argument. The parties ultimately decided against additional submissions, and the hearing was closed on May 31, 2011.

Appearances for the Parties: Philip G. Pratt  
UniServ Director, NEA-NH  
for the Association

Thomas M. Closson, Esq.  
for the School Board

**GENERAL TOWN INFORMATION**

The town of Hollis, New Hampshire, is located in Hillsborough County bordering Massachusetts. It has a population of just under 8,000 persons and covers just over 30 square miles.

The Town has a five-person board of selectmen governing various departments, including a full-time police department and a combined volunteer and full-time fire department.

The Hollis School District (the Employer) in this case is part of a combined School Administrative Unit 41 covering Hollis and Brookline, New Hampshire students. Each of those communities has an elementary school system, and they share a middle and high school.

The Hollis Education Support Staff Association (hereinafter "Association") is the "...exclusive representative of all full-time and part-time secretaries, para-educators, receptionists, office/clerical assistants, library/media assistants, instructional assistants, custodians, food service workers, grounds maintenance personnel and audio-visual technicians...." (Article I, 2008-10 CBA)

### **THE BARGAINING UNIT**

At the fact finding hearing, the Association asserted, without rebuttal, that there are 69 members of the bargaining unit. The Association further asserted, again without rebuttal, that 61 of those individuals, by virtue of their less-than-full-time status, are ineligible for health insurance coverage, and are also ineligible for participation in the State of New Hampshire Retirement System.

Data provided at the fact finding hearing establishes that the annual compensation for bargaining unit members is approximately \$17,000 or \$18,000 for the majority of members, with those at the highest end of the compensation scale receiving approximately \$42,000.

### **RELEVANT ASPECTS OF 2008-10 CBA**

Article XV, "Insurance Benefits," of the 2008-10 CBA provides a sliding scale of District contributions to the health care premium depending on whether the individual employee is covered by a single, two-person, or family plan. Regardless of the percent contribution specified in Article XV, Section 15.2, however, under the 2008-10 CBA, the District's maximum contribution to any individual's health insurance coverage was capped at "\$975.00."

The 2008-10 CBA contained a six-step wage schedule. For 2008-09, the then previously existing base wage rates were increased "...by two and one-half percent (2.5%)..." and for 2009-10 were increased by an additional 2.75%.

Appendix A of the 2008-10 CBA stated in pertinent part: "No step increments will be awarded in 2008-2009...2009-2010."

## NEGOTIATIONS FOR A SUCCESSOR TO THE 2008-10 CBA

Article XIX, "DURATION," of the 2008-10 CBA stated in pertinent part that it "...shall continue in effect until June 30, 2010..." Apparently, negotiations for a successor agreement began in October 2010, and following five negotiation sessions an impasse was declared on December 10, 2010. During those negotiation sessions, the parties were able to agree on several Tentative Agreements (hereinafter "TA"). However, those TAs were subject to final agreement on an overall Collective Bargaining Agreement.

The parties engaged in a mediation effort in January 2011; however, that effort did not resolve all open items.

## ISSUES / DISCUSSION / RECOMMENDATIONS

### Issue #1—Wage Increase

The Association has proposed that the parties accept that the first year of the contract period, 2010-11, has already expired. The Association proposes an additional two-year CBA resulting in the following changes:

<b>Fiscal Year</b>	<b>Base Wage Increase</b>	<b>Step Increase (Y/N)</b>
2010-11	0	N
2011-12	2.5%	Y
2012-13	2.5%	Y

The Board has proposed the following package addressing base wage increase and steps:

Two year agreement with cost of living increases tied to Employment Cost Index (ECI) for State and Local Government. For 2011/12, ECI calculated at 1.98%. ECI applied first to offset automatic benefit increases, and remainder applied to wages. No steps during duration of agreement—ECI payment is a cost of living adjustment that will not "evergreen."

(Board Brief, Tab 3, p. 3)

## Discussion—Issue #1

The presentations, both oral and written, by both parties at the fact finding hearing contain extensive information on how Hollis compares to other communities within the State of New Hampshire on such factors as wealth, income, industry, unemployment, and tax rates. While that information is interesting, I must point out that information of that sort is generally utilized when one party or the other is attempting to make some kind of quantum change in compensation based on “comparables.” In such a scenario, the subject community’s resources, commitments, and ability to pay are compared to other communities with similar demographics.

After studying the presentations, I am satisfied that what is occurring in this round of negotiations is not an attempt by either side to fundamentally change the wage scale or other forms of compensation based on an argument that Hollis is substantially different in that regard from communities with comparable demographics. Rather, what is occurring in Hollis is, in essence, a disagreement between the parties as to whether the adverse economic situation which has existed for several years has relented or not. Both of these negotiating parties demonstrated in the 2008-10 CBA a sensitivity to the national economic situation and its impact on the Town of Hollis. These parties negotiated and agreed to a 2008-10 CBA which contained 1) two modest annual wage increases (2.5% and 2.75%), coupled with “...No step increments...” in either year.

In this round of negotiations, the Association position is essentially that, having foregone step increases during the term of the 2008-10 CBA and for 2010-11, it is time to return to the annual step increases called for in the wage schedule. In support of its position, the Association has provided numerous media articles supporting the Association’s conclusion that the economy is improving, and hence the need for any forbearance on step increases has expired.

On its part, the Board has taken note of the fact that the realities of Hollis government must be acknowledged and factored into any resolution. In that regard, the Board points out that there is an active Taxpayers Group whose position is in sync with that of the Budget Committee that there be only modest increases and no step increases. The Board points out that the voters of Hollis have historically supported the Budget Committee, and hence it is not reasonable to go beyond the parameters which that Committee has indicated it could support. The

Hollis School Board asserts that its proposal, quoted just above, is in concert with the Budget Committee's position.

Recommendation—Issue #1

I am satisfied that it is appropriate to follow the Association's suggestion to essentially treat 2010-11 as a lost year and enter into an additional two contract years culminating in June 2013. Were I not to recommend an agreement covering 2012/13, these parties would re-enter negotiations shortly after resolving this CBA. Labor-management stability and harmony is advanced by relatively extended periods free of the burden and challenge of negotiations.

I do not find it appropriate to recommend foregoing step increases in 2011/12 and 2012/13. The origin of step increases is often lost in the mist of memory and negotiating history. Management often views a wage schedule with annual step increases as involving an undesirable automatic cost increase which employees expect, regardless of economic conditions. In contrast, Association members view those increases as recognition of experience gained as well as commitment given to municipal employment.

If for a moment we step back from a wage scale and examine it in theory, several things become clear. Most objective observers would agree that the wage level associated with the top step is not some hyper-wage unrelated to the duties of the position. Rather, most parties would agree that the top step of a wage scale represents the going rate for an experienced individual who has completed the learning curve for a position and is capable of satisfactorily performing all aspects of the job. Given that, the steps leading up to that maximum wage usually represent the length of time that the negotiating parties agreed it would take a novice to become a pro. While some persons might do it quicker than others, negotiating parties generally agree upon a number of annual steps which they can mutually accept is the period during which a new employee would, through experience, mature into a fully accomplished occupant of the position.

I have no doubt that there are numerous bargaining unit members who were already at the top step (Step 6) prior to the 2008-10 school year. Thus, those individuals—then and now—continue to receive the level of compensation which this Association and this Board long ago agreed was what an incumbent was worth after six years of experience. Something happened in 2008-09, however. These parties, much to their credit, in recognition of the serious economic downturn, agreed through

negotiation to waive step increases for the 2008-10 CBA period. Thus, someone who as of July 2008 had completed three years of service has, in the ensuing three years, acquired all the expected experience, know-how, and benefits of being a long-term employee, yet, they are still at Step 3. Were I to recommend an additional two years without steps, it would in essence render the wage scale, as it currently exists, meaningless. The promise inherent in the design of that wage scale that experience, lessons learned, and job dimensions mastered would be reflected in the level of compensation, would be a promise broken.

While I acknowledge and admire the fact these parties responded to the recent economic upheaval by foregoing wage steps in the 2008-10 Agreement, I do not find that the same economic conditions exist in 2011. I fully acknowledge that 2011 is not 2007, but I must point out that neither is 2011 the same as 2009. There are economic times when it is incumbent upon negotiating parties to step heavily on the brake. Perhaps by the nature of their constituencies, it is almost inevitable that parties will disagree as to when to lift the foot off the brake, and even possibly lightly apply the accelerator. With respect to step increases, I am satisfied that the appropriate recommendation is to treat 2010-11 as a lost year and recommend annual step increases in both 2011-12 and 2012-13.

There is, of course, one other basis which might warrant a recommendation against step increases, and that is if the municipality can establish an "inability to pay...." I do not find the data before me supports such a finding.

This then brings us to the question of whether there should be any annual wage increase of a fixed nature such as proposed by the Association, or in the form of any left-over money once the ECI level of appropriated funds is reduced by benefit increase costs. While I find the Board's approach interesting, it is essentially the age-old dilemma faced by employers of how much to grant in wage increases given the cumulative effect of other benefit cost increases. In the absence of a study indicating the usefulness of the Board's proposed approach, and future years with significantly higher ECIs, I am reluctant to adopt it at this point. Rather, I recommend annual wage increases of 2.0 percent effective July 1, 2011 and July 1, 2012. I am satisfied that these recommendations, albeit in the traditional form, are reasonable and well in line with the increase in cost of living.

Therefore, I recommend a three-year agreement covering 7/1/10 through 6/30/13 with Step increases and 2.0 percent wage increases effective on both 7/1/11 and 7/1/12.

## **Issue #2—Health Insurance**

Article XV, "INSURANCE BENEFITS," states in pertinent part at Section 15.2, "Health Insurance...: The district will contribute 90% of the cost of a single Blue Choice plan for any district single person plan, 85% of the cost of a two-person Blue Choice plan for any district two-person plan, and 75% of the cost of a family Blue Choice plan for any district family plan, all up to a maximum district cost of nine hundred seventy five dollars (\$975.00) per month in 2008-2009 and 2009-2010. In any event, a Staff Member shall pay a minimum co-pay of 10% of the cost of any premium for any plan." (Article XV)

The Association proposes changing the language stating "...75% of the cost of a family Blue Choice plan for any district family plan..." by replacing "75%" with "85%." The Association also proposes elimination of the entire concept of a cap on District costs currently at the \$975.00 level.

The Association asserts that its proposals will have only a modest increase in the costs to the District. This is because, of the 69 bargaining unit members, only eight secure their health insurance coverage from the District. Of those eight, five are covered by single coverage and thus the proposed changes would apply to only three individuals currently subscribing to the two-person Blue Choice plan. The three individuals who currently subscribe to the two-person plan all are affected by the \$975.00 "cap" on District costs. The Association asserts that the proposed changes would cost the District less than \$13,000, or looked at in another way, would increase the tax rate by approximately \$.01. (Association Brief, p. 24)

The Association asserts that the "cap" in Hollis is a rare aspect of collective bargaining agreements in New Hampshire. The Association also contends that given the modest percentage of bargaining unit members eligible for health insurance coverage, its proposals are modest and should be accepted.

The District asserts that the costs associated with the Association's health insurance proposals must be viewed like any other cost in collective bargaining. As noted above, the District points out that neither the economy nor the position of the Town's Budget Committee warrant adoption of the Association's proposal.

## Discussion / Recommendation—Issue #2

At some point in their negotiating history, these parties agreed to the concept of setting a cap or maximum exposure for the Board regarding health insurance contributions. Neither side has identified when that occurred, nor have they identified the *quid pro quo* which normally goes with adoption of such a provision. Thus at this point I am being asked to look at the situation in isolation without any understanding of how the subject language found its way into the CBA. Under such circumstances, and given my recommendations above concerning wage increases and step increases, I am satisfied that it would be inappropriate for me to recommend elimination of the “cap.”

I am convinced, however, that whatever motivated the parties to adopt the “cap,” the usefulness of the \$975.00 level has been eroded by the fact that the costs have continued to increase over the last three years without the Board’s capped share being increased to reflect that reality. Given recent escalation in the cost of health insurance, I am satisfied that a recommendation to change \$975.00 to \$1,075.00 is appropriate. In making this recommendation, I am mindful of the fact that for the lion’s share of this bargaining unit, no health insurance costs accrue to the Board. I am also mindful of the fact that for five of the eight people who do receive coverage, this recommendation will not affect Board costs.

I do not recommend changing “75%” to “85%” for family coverage for the reasons given above—i.e., there is nothing before me indicating when and in return for what those initial percent allocations were adopted.

Therefore, I recommend that effective 7/1/11, the figure “\$975.00” in Section 15.2 be changed to “\$1,075.00.”

## **Issue #3—Retirement Contribution (New Section Article XIV)**

The Association seeks to add a new section to Article XIV, “that would provide for a contribution to a payroll deducted tax sheltered annuity by the District of five per cent (5%) of an employee’s wages.” (Association Brief, p. 26) The Association asserts that the absence of membership in the New Hampshire Retirement System for 61 of 69 bargaining unit members makes this an important benefit for those not covered. The Association estimates the cost to the District at approximately \$54,000.00, with a tax impact of approximately \$.043.

The Board views this proposal as a cost item which is uncalled for in these economic times and which is at odds with the parameters set by the Board, the Budget Committee, and the local Taxpayers Group.

Discussion / Recommendation—Issue #3

There comes a point in each fact finding analysis where the balance hopefully achieved to that point would be disturbed, if not destroyed, by another recommendation from one side or the other. I believe I have reached that point in this analysis. My recommendations thus far represent what I consider to be a fair and reasonable set of changes to the CBA. I am convinced that any further recommendations with cost impact would detract from rather than add to the possibilities of acceptance of this report by both parties.

Therefore, I recommend against adoption of the proposed “new” Retirement Contribution language.

**Issue #4—Article XVI, Section 16.7, “Accrued Sick Leave”**

The Association seeks to modify the amounts paid for unused, accrued sick leave upon resignation or retirement.

The Board opposes the Association’s proposed increases.

For the same reasons given just above concerning the proposed Retirement Contribution language, I recommend against increasing the terms of Article XVI.

Therefore, I recommend against any change to Section 16.7, “Accrued Sick Leave.”

**Issue #5—Section 18.4, “New”**

The Board proposes adding the following new language to the Agreement:

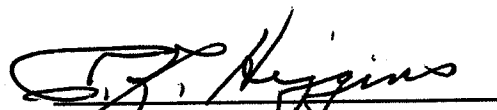
Notwithstanding any other provision in this agreement, any payment to an employee otherwise due upon his/her retirement, shall be reduced by such amount as is necessary to prevent the District from being assessed by the New Hampshire Retirement System under RSA 100-A:16 III-a.

(Board Brief, p. 4)

Discussion / Recommendation—Issue #5

My analysis presented just above concerning the Association's proposed increases in Section 16.7, "Accrued Sick Leave," also apply to the Board's proposed new language quoted just above. In addition, I note that a relatively modest number of individuals are even eligible for retirement in this bargaining unit. I am satisfied that the nature of the work performed by these individuals also minimizes the chances that any spiking issues would arise within this bargaining unit.

Therefore, I recommend against the Board's proposed Section 18.4 new language.

  
Richard G. Higgins

DATED: June 29, 2011