

## **PMSD School Board rejects Fact Finder recommendations: Sends strong message that taxpayers matter**

*Fact Finder's Report ignores tax burden imposed on property owners, promotes budgeting strategy of continually raising property taxes to the maximum allowable rates*

The Pocono Mountain School District Board of Education rejected the Fact Finder's recommendations pertaining to support staff contract negotiations with a vote of 7 to 1 with 1 abstention at a public Board meeting on Wednesday, December 4, 2019.

The Fact Finder's failure to reasonably and responsibly address the issue of contracting out student transportation services left the majority of the School Board with no alternative but to reject the Fact Finder's report in its entirety.

The Fact Finder chose to fault the School Board for reducing property taxes by 12 mills and not raising taxes over the past nine years for property owners rather than addressing the efficiencies and savings that could be achieved by Pocono Mountain School District through contracting out student transportation services. This critical misdirection of the issue renders the Fact Finder's recommendation against outsourcing fundamentally flawed.

Nothing in the Fact Finder's report addressed the elemental responsibility of a School Board to provide for a thorough and "efficient" school system. Instead, the Fact Finder disregards the gains to the District through contracting out student transportation services, estimated to be up to \$37 million in savings over 7 years, as insignificant.

The Fact Finder gave no serious consideration to the tax burden of property owners in Pocono Mountain School District or the dramatic changes to District property values since the 2008 financial crisis. The Fact Finder's report made no mention of the financially prudent and very difficult measures – which included the closing of five community schools and furloughing of more than 100 teachers and support staff members – the Board took to close a \$23 million budget deficit in 2011. The report also failed to acknowledge the Board's efforts to right size the District and stabilize the District's finances by restructuring its debt, changing third party health insurance providers and selling closed school

properties. Those measures along with other cost savings initiatives allowed the District to avoid a state takeover of its operations, reverse its plummeting bond rating and restore the District's fund balance, all while continuing to provide a high-quality education for all students.

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Additional Key Factors Behind Board's Decision:

1. Pocono Mountain School District and the Pocono Mountain Education Support Professionals engaged in 14 collective bargaining meetings.
2. The two parties were able to reach agreement on 19 issues.
3. The Board of Education tentatively agreed to several terms and conditions proposed by the Association, that will increase the operating costs in the projected amount of \$562,299 in year one of the contract and a projected cost of \$ 3,202,333 for the five year term of the contract.
4. The District stands to save on average between \$ 4.3 to \$ 4.5 million over the duration of five (5) to seven (7) years by contracting out student transportation services and a one-time cash infusion of \$5.5 million for the purchase of the District's bus fleet by a student transportation services contractor for a total of \$ 32 million in projected savings to the District and a one-time cash inflow from the sale of vehicles of \$ 5.5 million totaling an estimated \$ 37.5 million. After months of collective bargaining meetings, the Association has only offered concessions to the District that result in an estimated savings of \$ 898,813 over the duration of a new five (5) year contract. The Pocono Mountain School District Board of Education has a fiduciary responsibility to provide high quality and equitable education opportunities to all students in the most efficient and cost-effective manner.
5. The savings the Association has offered the District falls extremely short of the anticipated \$ 37.5 million in savings the District can receive by contacting out student transportation services.
6. Projected costs for new contract concessions tentatively agreed upon by the Board of Education are depicted below:
  - a. Carrying two (2) personal days forward: The projected costs for substitutes based on the union's proposal to carry forward two (2) personal days to the following fiscal year is indicated below:

Number of Positions	Job Category	Substitute Rate	Hours Day	Daily Substitute Cost	Cost of One Day	Cost of Two Days
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71	Administrative Assistant	\$ 10.50	8.00	\$ 84.00	\$ 5,964	\$ 11,928
18	Building Maintenance	10.00	8.00	80.00	1,440	2,880
5	Computer Technicians	12.00	8.00	96.00	480	960
3	Courier	8.50	8.00	68.00	204	408
68	Custodian	10.50	8.00	84.00	5,712	11,424
2	Duplication Clerk	8.50	8.00	68.00	136	272
11	Grounds Maintenance	10.00	8.00	80.00	880	1,760
7	Health Room Nurse	11.25	7.50	84.38	591	1,181
49	Non-Teaching Assistant	10.50	7.50	78.75	3,859	7,718
51	Para-Professional	10.50	7.50	78.75	4,016	8,033
Total					\$ 23,282	\$ 46,564

b. Addition of Columbus Day as a Paid Holiday: The projected costs associated with designating Columbus Day as a paid holiday for support staff for the five (5) year contract are depicted in the following chart:

Job Category	Daily Cost For Holiday - Columbus Day Projected Based on 3.00% Hourly Rate Increase Plus Step Movement				
	2019 - 2020	2020 - 2021	2021 - 2020	2020 - 2022	2022 - 2023
Administrative Assistant	\$ 10,228	\$ 10,716	\$ 11,262	\$ 11,827	\$ 12,325
Building Maintenance	3,492	3,621	3,754	3,901	4,048
Computer Technicians	1,028	1,158	1,196	1,236	1,287
Courier	413	429	446	464	484
Custodian	9,841	10,308	10,799	11,210	11,680
Duplication Clerk	291	302	314	327	342
Grounds Maintenance	2,033	2,105	2,191	2,278	2,358
Health Room Nurse	1,077	1,123	1,172	1,226	1,287
Non-Teacher Assistants	6,055	6,334	6,676	7,010	7,342
Para Professionals	7,938	8,267	8,644	8,769	9,458
Total Projected Cost of Holiday	\$ 42,396	\$ 44,363	\$ 46,454	\$ 48,248	\$ 50,611

c. Three (3) Percent Pay Increase: The projected costs of the three (3) percent pay increases for all support staff, with the exception of bus drivers and vehicle mechanics is depicted in the following chart:

Number of Employees	Job Category	Annual Increases Projected Based on 3.00% Hourly Rate Increase Plus Step Movement				
		2019 - 2020	2020 - 2021	2021 - 2020	2020 - 2022	2022 - 2023
71	Administrative Assistant	\$ 111,120	\$ 119,882	\$ 134,559	\$ 138,419	\$ 121,813
18	Building Maintenance	29,606	33,438	34,694	38,200	38,263
5	Computer Technicians	7,012	34,011	9,875	10,174	13,374
3	Courier	4,059	4,212	4,481	4,673	5,186
68	Custodian	100,990	121,426	127,525	106,810	122,180
2	Duplication Clerk	2,304	2,481	2,573	2,963	3,181
11	Grounds Maintenance	18,970	18,922	22,262	22,753	20,788
7	Health Room Nurse	8,119	8,152	8,895	9,641	10,939
49	Non-Teacher Assistants	47,499	50,114	61,585	60,170	59,753
51	Para Professionals	61,608	59,233	67,835	22,577	123,970
	Total Wages	\$ 391,287	\$ 451,871	\$ 474,284	\$ 416,380	\$ 519,447

Projections for the net increase in District costs for Social Security and Medicare Taxes and Employer Retirement Contributions to PSERS after reimbursement from the Commonwealth of Pennsylvania based upon projected wage increases each year were projected as depicted below:

District Net Cost After State Subsidy Reimbursement	Projected				
	2019 - 2020	2020 - 2021	2021 - 2020	2020 - 2022	2022 - 2023
Social Security & Medicare Taxes	\$ 14,967	\$ 17,284	\$ 18,141	\$ 15,927	\$ 19,869
Employer Retirement Contributions	\$ 67,086	\$ 78,558	\$ 83,450	\$ 74,615	\$ 94,280

7. Potential transportation contractor offers additional safety features, service capabilities, efficiencies and performance management the District does not currently have including:

- Enhanced mapping technology
- Operations support team availability
- Recruiting and hiring advantages
- Enhanced training and professional development
- Emergency preparedness

8. Visits and communication with school districts that current contract out student transportation services showed potential transportation contractor has resources and capacity to serve the District and its record for safety and on-time performance was excellent.

Contract Negotiation Background:

The Pocono Mountain School Board issued requests for proposals for outsourced student transportation in October 2018. The School Board chose to pursue the proposal of First Student. At a public hearing on November 14, 2018, the District's auditing firm presented calculations, projecting savings to the District averaging \$4.3 million annually over a seven-year contract or a total savings in excess of \$32 million for the length of the contract.

As obliged by law before contracting out union work, the School District entered into good faith negotiations with the support personnel association. During those negotiations, the School District offered many concessions including a five-year contract with 3% annual wage increases and a promise that no work other than transportation would be contracted out during the term of the contract. The Association agreed to accept the same healthcare package recently agreed to by the teachers. However, the Association refused to discuss any proposal that would involve the removal of transportation work from the unit. The single concession made by the Association to address the potential savings from contracting out student transportation services was a one-year freeze on bus driver wages, the savings from which paled alongside the \$4.3 million savings the District could expect under the First Student contract. By September 2019 it became apparent that neither the District nor the Association would change their positions on contracting out student transportation services. Accordingly, the School District requested the Pennsylvania Labor Relations Board to appoint a Fact Finder. A Fact Finder was appointed on October 15, 2019, and a fact finding hearing was held November 7, 2019, the Fact Finder returned his report on November 25, 2019.

Despite recommendations favorable to the School District on three of the four issues before him, the Fact Finder's failure to reasonably address the contracting out of student transportation services issue provided the School Board with no reasonable and responsible alternative except to reject the Fact Finder's report.