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Contract Talks between School Board and Teacher Union Reach Impasse

Burlington, Vermont — At a recent meeting between the negotiators representing the Burlington School District (BSD) and the Burlington Education Association (BEA), the parties reached an impasse in contract talks. The next step in the process is to seek the involvement of a neutral mediator sometime within the next month. Given the financial challenges facing the District, City, and the State, the School Board had hoped that the BEA would recognize that it is time for a more affordable and sustainable approach reflecting the circumstances of taxpayers and the needs of students. Sadly, that was not the case. There are numerous contract provisions in dispute, and in the weeks ahead the Board will inform the community of these issues. In this release, we will discuss salaries, the salary schedule and health insurance.

Part I: Salaries and Insurance

Salaries: The School Board had hoped that BEA representatives would recognize the difficult economic conditions facing the City and the State, and accept an increase in compensation in line with salary increases experienced by the workforce at large. According to the Vermont Department of Labor, inflation barely grew at all in 2015: just 0.1%. With the inflation rate in mind, the Board has offered to give every teacher a \$500 raise in addition to a regional salary competitiveness adjustment. The combined effect of the adjustment and the raise adds up to a 1.8% average salary increase. However, the BEA has proposed a 7.4% average increase in salaries for teachers.

In order to keep the impact of salary increases on the cost of total compensation to a sustainable level that taxpayers can afford, the Board has proposed to cover much of the cost of its proposal through reallocation of funds required to pay for other costly provisions of the contract. One source is the \$325,000 budgeted to pay for automatic “step” advancement on the salary schedule. This contractual requirement would have the effect of increasing salaries for eligible teachers by an average of 3.3% beyond the average 1.8% increase that has already been offered to all teachers. Another source is the \$300,000 the District budgets to reimburse the cost of graduate course tuition incurred by teachers. Both of these contract requirements currently benefit only about 40% of the teaching staff.

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Both parties were willing to continue negotiating the salary increase issue. However, the Union's refusal to discuss options for reallocating funds to cover some of the cost of the salary increase brought this conversation to a standstill.

Salary Schedule (grid, model, matrix, system): The current median teacher salary is \$71,624. When including life insurance along with family health and dental insurance, total compensation for the median teacher approaches \$100,000. The Board believes this is a very competitive professional compensation package for Burlington, Vermont.

That said, the Board remains interested in improving teacher salary levels compared to those in neighboring communities. But this will only be possible if the current salary schedule—first bargained over 40 years ago—is replaced by a more flexible, affordable and sustainable pay model that more fairly distributes available salary dollars among all teachers. Negotiated salary increases ranged from 0.8% to 8.1% for individual teachers this year. Presently, the most senior teachers can earn salaries twice what is paid to the newest teachers, even though new and senior teachers do the same job. Such income inequity is unfair and harms the District's efforts to recruit and retain teachers. In addition, the current salary schedule builds in automatic annual pay raises that exceed inflation and are generally higher than the raises available to the average worker. The salary grid that may have worked 40 years ago no longer serves the interests of the community.

The Board is convinced that it can offer the BEA a fair and competitive compensation package—with raises for all teachers that substantially exceed the cost of living trend—if the BEA will work with the Board to craft an affordable and sustainable salary model that reallocates dollars from certain costly contract requirements to benefit all teachers rather than a minority of teachers.

Health Insurance: Burlington teachers enjoy health insurance benefits that far exceed the coverage of most City taxpayers, most Vermonters in fact. The benefits even exceed those benefits available to Vermonters through Vermont Health Connect plans. Ninety-seven percent of teachers covered by the District have a health plan that has no up-front medical deductible. Rather, they have a \$15 or \$25 fee for in-network visits to their physician, chiropractor or mental health provider. All covered teachers enjoy a very rich prescription drug benefit with no first dollar deductible. Where applicable, the District provides paid insurance coverage for all family dependents. The premium charge for family coverage in 2016-17 will be \$23,798, but teachers will only pay 15% of that cost. The District will have to pick up 85% of the tab, over \$20,000.

The Board is committed to providing high-quality health insurance benefits to its employees, but it is imperative that employees accept their fair share of the cost of this coverage, just like most City residents. Next year's health insurance rates will increase by 7.9%, but teachers will feel little of this increase because the District picks up most of the cost. These additional insurance expenses to the District significantly reduce the compensation dollars available for salary increases.

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The Board feels strongly that teachers must bear a greater burden of these premium costs and is proposing that teachers pay 19% of the cost of their health insurance, still below what many employers expect employees to pay for insurance, particularly for family coverage. By way of comparison, a 20% contribution is required of State employees and another school district in the County. Even with the Board's proposed increase in teacher contribution toward premiums, the District would still be facing a 2.8% increase in its health insurance budget.

An Affordable, Sustainable and Fair Settlement: According to the Vermont Department of Labor, inflation over the duration of the most recent three-year contract with the BEA averaged just 1%. During that same three-year period, however, salary increases for Burlington teachers exceeded inflation each year, and in many instances grew by three to five times the rate of inflation. As with all employers, the Board values the contributions of its employees, but it must balance its desire to provide its employees with a fair total compensation package with its responsibility to focus scarce resources on addressing the needs of our students. Any settlement must be affordable, sustainable and fair, not only to the teachers but to the City taxpayers. At this point, it is clear that the BEA is unwilling to confront the realities that most taxpayers are facing. Hopefully, this will change soon.

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