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#### **NEGOTIATIONS STATUS REPORT**

November 2, 2015

The Ridgewood Board of Education (Board) and the Ridgewood Education Association (Association) met with a Fact-finder on October 26, 2015 in an effort to resolve the on-going impasse towards a new contract. As has been the case since the parties' first meeting back in February 2015, when the Association declared an impasse, the main issues have been negotiating the levels of employee share of health care premiums, the cost of premium and type of plan, and fair salary increases while staying within what the Board feels the taxpayers can support.

Under New Jersey law, the Board is prohibited from increasing property taxes more than two percent annually. The salary increases paid to employees under collective bargaining agreements, including the contract with the Association, must be funded with the revenues available under this property tax increase cap. If the cost of a new agreement with the Association exceeds two percent other programs or expenses may need to be cut if the District is to stay under the tax increase cap. The Board's contract with the Association also provides for health benefits. The cost of these benefits adds approximately 15 percent to the salary cost for the Association's members, even after deducting the employees' share of premium costs. Costs for these health care benefits have increased on average 10 percent per year over the term of the contract that expired June 30, 2015. The providers of this insurance, primarily the New Jersey State Health Benefits Plan, are under no limitations as to how much they may raise rates. We have seen rates as high as 23 percent and as low as three percent from year to year.

The Board is committed to entering into a new contract with the Association that is fair and financially sustainable under the budgetary constraints imposed by the state. The Board has been carefully weighing the impact of health benefit costs and salary increases for the District's employees while recognizing the excellent work our staff does in the classroom with students.

At recent Board meetings and in letters to the editor, several teachers voiced opposition to the level of employee share of health benefit costs. These employee contributions were phased in over the last four years under state law, known as Chapter 78. Under Chapter 78, employees contribute to the cost of the premium of the plan that he/she selects. When the premium is lower, the cost of contribution decreases.

Chapter 78 also carried with it certain ramifications for all school districts. The state used Chapter 78 as a way to deflect from pleas by districts to help with lost/decreasing state aid. But after the 4-year phase-in of Chapter 78, the state allowed school employees to negotiate with boards of education the employee health premium contribution rates. The teachers who voiced their concerns about their premium contributions might not be aware that the two percent tax levy cap was not similarly relaxed. Nevertheless, the Board has been willing to discuss Chapter 78 contributions with representatives of the Association.

The majority of our teachers are enrolled in the School Employee Health Benefits Plan NJ Direct 10, which carries a \$10 co-pay for in-network doctor visits. At present, premiums are \$10,610 for single coverage and \$29,177 for family coverage. Under the Affordable Care Act these plans would be deemed "Cadillac Plans."

The teacher who earns \$95,000 and has single coverage would contribute \$3,713 and a teacher earning \$110,000 enrolled in the family plan would contribute \$10,212. Plans that have higher co-pays and deductibles would be less expensive for the district and the employee.

This year, the total health insurance premium cost for the Association's members is \$10,228,960. Of that amount, they contribute \$2,628,843. The net health insurance cost to the district is \$7,600,117. As previously stated, the cost of these health benefits adds approximately 15 percent to the salary cost for the Association's members, after deducting the employees' share of premium costs.

With health benefits premiums increasing on average by 10 percent during the last three years, managing the growth of those benefits while being able to provide salary increases to the staff, is challenging in and of itself and has caused the current predicament the negotiations committees are facing.

The Board respects the staff and appreciates the work they do for our students. We share the Association's concerns about rising health benefit costs and their impact to the paychecks of its members. However, the Board has been elected to ensure the students receive the best education possible within the parameters of a hard property tax cap. To that end, we will continue to strive for a solution that works for all employees and not just some.

The Fact-finder has scheduled a formal hearing for February 3, 2016, at which time each side will present information it deems pertinent to the issues. The Fact-finder expects to issue his non-binding recommendations approximately two and one-half months later, or by approximately the end of April 2016. In the meantime, the Board's negotiating team is willing to continue to meet with the Association's team, with or without the Fact-finder, to search for the solution. While the parties continue to work with/wait for the Fact-finder, all of the terms and conditions of the expired contract continue uninterrupted.