



Nazareth Area School District
One Education Plaza
Nazareth, PA 18064

Nazareth Area School District
Board of Education
Negotiations Update
October 31, 2006

Negotiations Fact # 1

Health Care Issue

The Union negotiating team requested the inclusion of well visits, well baby visits, and birth control (contraceptives) to the current medical benefit program. The District's negotiation team proposed to offer other available medical plans that any professional staff member could voluntarily choose to select over the insurance plan now in effect. Currently administrators including the superintendent, teachers, and all support staff are covered by the identical medical insurance plan. The Nazareth Area School District has not received any new health care proposals from the union for consideration in the new contract.

Negotiation Fact # 2

Negotiations Status

The NAEA publicly asked the Board of Directors at the September 25th Board Meeting to continue to negotiate an agreement while the fact-finding process was being followed. The Superintendent on Wednesday September 27, 2006 informed Mr. Klepeisz, chief negotiator, that the Board of Directors would be willing to meet to discuss a credible response to the District's final offer of September 21, 2006. The District did not receive a response from the teachers' negotiating team regarding this invitation. On October 16, 2006 the NAEA again asked the Board publicly at the Board Meeting to continue the negotiations process while fact-finding was occurring. The District then contacted state mediator Robert Millet who scheduled a negotiation session through Mr. Paul Blunt, PSEA negotiator, and Mr. Ellis Katz representing the NASD, for 4:00 PM Wednesday October 25, 2006. After the session had been scheduled the following response was received from Mr. Paul Blunt the PSEA chief negotiator.

The response stated "Generally speaking, I do not see it as being anything but a waste of time to meet unless the District has a better proposal to make as I do not believe that my team is prepared to modify their offer...."

Despite the public vs. private stance taken by the teachers' negotiating team, the NASD Board of Directors is willing to continue contract talks in the presence of the state mediator. The presence of the mediator is essential to insure order to the process.

Negotiation Fact # 3**Real Estate Tax**

The NAEA stated in a public meeting that no property tax increase would result even if the original salary proposal from the teachers, which was much higher, was accepted by the District. The teachers' negotiating team's original salary proposal was an average increase of 34.21% over a three year period.

The current NAEA salary proposal is an average of 24.49% over a 5 year period. The total cost to the NASD of the NAEA salary / benefit contract proposal over the next 5 years would be 130.3 million dollars. During the 2005-2006 school year teacher compensation for salary and benefits totaled 21.3 million dollars. The teacher contract proposal would increase the yearly teacher compensation for salary / benefits to a total of 29 million dollars.

The NAEA publicly has stated that Nazareth is a wealthy community and can afford to fund public education to a higher degree. The fact of the matter is that residents of the Nazareth Area School District currently rank 164th out of the 501 school districts in local tax burden paid to support public education. Nazareth residents now rank among the top 1/3 of the school districts in the State in their local tax dollar contribution to public education. This ranking is determined on the basis of the equalized tax mill rate determined through a formula provided by the Pennsylvania Department of Education.

Negotiation Fact # 4**Act 1 Impact on School District Budgets**

In July of 2006 the State of Pennsylvania passed property tax reform legislation titled (Act 1 of 2006 The Taxpayer Relief Act). This legislation will have a major impact on the ability of local school districts to continue the educational programs and services provided to students. The legislation passed by the State limits a school district's ability to increase revenue through real estate property tax. The allowable property tax rate increase is based on an index approved through a formula provided by the Pennsylvania Department of Education. The 2007-2008 school year real estate mill increase across the state is subject to an index (cap) of 3.4%. Due to growth and other factors the Nazareth Area School District's index has been increased to 4.17%. There are exceptions to this limit. However, the exceptions must be approved by the Pennsylvania Department of Education or the Northampton County Court of Common Pleas. The Nazareth Area School District will be required to fund the entire operation of the School District within this formula. This includes the debt incurred by the construction and renovation projects necessary to accommodate student growth, current educational programs and services provided to our students, new programs and services the District may wish to add to enhance our students' ability to enter post-secondary education or prepare for the workforce, and the salary and benefit cost of the employees needed to serve the students of the District.

Additional dollars necessary to provide essential services to the students could only be added through public approval of a voter referendum. This vote would take place in the Spring Primary Election prior to the final adoption of the School District budget in June. Failure to approve the budget referendum would reduce the available funds to operate the District. This would necessitate the elimination of existing programs and services for our students, larger class sizes due to the inability to hire additional teachers to meet student growth in the District, and eliminate the technology needed by our students to be competitive in the 21st century.

The passage of Act 1, nor the legalization of gambling in Pennsylvania will provide additional revenue to fund public education in the State. This legislation is a tax shift. The additional dollars brought in by gambling and the increased earned income tax will dollar for dollar be deducted from a property owner's real estate tax obligation.

Negotiation Fact # 5

Salary Compaction

The NAEA has stated that the salary compaction in the District proposal cannot be compared to the salary steps in a salary comparison of other school districts published on the District website. The NASD offer to the teaching staff includes the salary compaction schedule proposed by the teachers' negotiating team. The District offers the following examples of salary steps in current school district contracts in Parkland and Northampton.

Parkland (2006-2007)

Step	Years Teaching	Salary
1	1	47,600
2	2	47,700
3	3	47,800
4	4	48,000
5	5	48,300
6	6	48,600
7	7	49,600
8	8	50,600
9	9-10	52,900
10	11-12	55,600
11	13	58,300
12	14-15-16	61,000
13	17-18	63,700
14	19	66,400
15	20+	69,400

**Nazareth (2006-2007)
District Proposal**

Step	Years Teaching	Salary
1	1	41,771
2	2-3	42,200
3	4-5	43,516
4	6-7	45,879
5	8	48,697
6	9	49,871
7	10	51,692
8	11-12	53,470
9	13-14	57,883
10	15	60,784
11	16	63,186
12	17	66,322
13	18	71,847
14	19	73,128
15	20	74,684
16	21+	76,241

There is no doubt that the Nazareth salary scale favors the more experienced teacher in relation to other Districts. This was the salary schedule concept advanced by the NAEA in past contract negotiations. The first year teaching salary at the Master's Level in Parkland is \$ 47,600.00 while the Nazareth scale begins at \$41,771. 00. The top salary at the Masters Level Step 15 which is reached after 20 years or more of teaching in Parkland in 2006-2007 is \$69,400.00. Nazareth's proposal has the top salary at the Master's Level in Nazareth after 21 years or more of teaching totaling \$76,241.00.

Northampton (2006-2007)**Nazareth (2006-2007)
District Proposal**

Step	Years Teaching	Salary	Step	Years Teaching	Salary
1	1	43,900	1	1	41,771
2	2	44,100	2	2-3	42,200
3	3	44,450	3	4-5	43,516
4	4	44,800	4	6-7	45,879
5	5	45,300	5	8	48,697
6	6	46,075	6	9	49,871
7	7	46,700	7	10	51,692
8	8-9-10	47,900	8	11-12	53,470
9	11-12	49,800	9	13-14	57,883
10	13	51,300	10	15	60,784
11	14	53,600	11	16	63,186
12	15	58,300	12	17	66,322
13	16-17	61,300	13	18	71,847
14	18-19	66,500	14	19	73,128
15	20-21	71,400	15	20	74,684
			16	21+	76,241

The first year teaching salary at the Master's Level in Northampton is \$ 43,900.00 while the Nazareth scale begins at \$41,771. 00. The top teaching salary at the Masters Level Step 15 which is reached after 20 years or more of teaching in Northampton in 2006-2007 is \$71,400.00. The District's proposal has the top salary at the Masters level in Nazareth after 21 years or more of teaching totaling \$76,241.00.

Negotiation fact # 6**Past Negotiations**

The NAEA has publicly stated that past negotiations were carried out in a family-type atmosphere over a few dinners. In 2000 the NAEA asked the Board of Directors at a dinner, if they would be willing to begin talks on an early bird contract settlement. Settlement of the contract was reached before formal talks began in January. All negotiation sessions were held in the District offices.

The (2003-2006) teachers' contract was negotiated from January through June 2003 in a formal venue with a mediator present. A tentative agreement was reached with the team and then rejected by the staff in the spring of 2003. Negotiations continued into June of 2003 before a final agreement was reached. All negotiation sessions were held in the District offices.

Negotiation fact # 7**Professional Negotiator**

The NAEA publicly asked why the Board of Education has employed an outside negotiator to assist in negotiations. The NAEA did not include the PSEA Uniserve representative (Professionally Trained Negotiator) in the 2003-2006 contract negotiations. In 2006 the NAEA employed the resources of Mr. Blunt and the PSEA from the onset of negotiations. It was evident in August of 2006 that the contract negotiations were at an impasse and the salary request from the NAEA would have a significant financial impact on the residents of the community. The Board of Education has an obligation to provide a thorough and efficient public education to our students and have received no formal training in the negotiations process. In order to meet this obligation and to protect the interest of all Nazareth residents, the Board of Education determined it was necessary to employ an individual with the

professional skills equal to those being used by the teachers' union. The cost of the proposed contract, \$130 million dollars, by far justifies the expense the District will incur by hiring a professional to represent the interests of all Nazareth School District residents. The firm of Sweet, Stevens, Tucker, and Katz has long been consulted by the district for a variety of things including special education, worker's compensation issues, labor law, etc and was asked by the Board of Education to assume the role of chief negotiator. The current rate of pay for the firm is \$165.00/hr.

Negotiation fact # 8

Administrative Raises

The administrative raises listed on the NAEA website are incorrect. One example of this is an individual's increase in pay is designated as a raise when his position in the District changed from a 190 day professional teaching staff employee, to a 12 month administrative position. The NAEA has calculated the administrative pay raise with no clarification of the increased responsibilities of the position, length of the workday, or number of days worked in the year.

The NASD administration works on a performance based compensation plan. Administrators who attained a satisfactory rating for the 2005-2006 school year will receive a raise of 2.7%.

Administrators may earn an additional percentage increase if their performance is rated as above expectations or outstanding. This increase may be an additional 5% if the administrator's salary is 20% below midpoint of the salary range for that position or 1.5% if the administrator is 20% above the midpoint salary range.