

STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION

BINDING ARBITRATION PROCEEDING
UNDER
SECTION 10-153f (as amended)
CONNECTICUT GENERAL STATUTES

NAUGATUCK BOARD OF EDUCATION

and

NAUGATUCK TEACHERS LEAGUE

ARBITRATION PANEL:

| | |
|-------------------------|-------------------------------------|
| Thomas J. Staley, Esq. | Chair and representing the public |
| John M. Romanow, Esq. | Representing the Board of Education |
| Jeffrey Rosenberg, Esq. | Representing the Teachers League |

APPEARANCES:

| | |
|------------------|-------------------------|
| For the Board | Roseann G. Padula, Esq. |
| For the League | Ray Rossomando |
| Fiscal Authority | No appearance |

DATE OF AWARD:

March 9, 2009

**NAUGATUCK BOARD OF EDUCATION and
NAUGATUCK TEACHERS LEAGUE**

ARBITRATION AWARD

ISSUE 3 IS AWARDED TO THE BOARD

Voting in Favor

Thomas J. Staley, Esq., Panel Chair

John M. Romanow, Esq., Rep. the Board

Dissenting

Jeffrey Rosenberg, Esq., Rep. the League

REASONS OF THE MAJORITY

Hearings for the Naugatuck teacher arbitration were held in the offices of the Board of Education on January 26, 2009 and February 10, 2009. At the February hearing, there were numerous witnesses who testified. In addition, the parties submitted Joint Exhibit 1 which consisted of exhibits that both parties relied on during the hearings such as the stipulations of the parties, the agreed upon language, joint issue list and extensive materials relating to the bargaining group, existing condition of employment, bargaining issues between the parties and the changes in the cost of living. The Board submitted a notebook consisting of their exhibits which notebook was marked Exhibit B1 and the League submitted a notebook with their exhibits which was marked Exhibit L1. The parties then presented their respective arguments and both parties submitted briefs on behalf of their position on the issues.

The parties initiated arbitration proceedings following the rejection of the parties' mediated settlement by a vote of the Naugatuck Board of Mayor and Burgesses (hereinafter referred to as the Borough). The reason for the Borough's rejection was the cost of the agreement to the residents of Naugatuck in relation to the current economy particularly the salary increases granted in the first year and, to a lesser extent, the second year of the agreement. The three issues before this Panel are the wages for 2009-2010, 2010-2011 and 2011-2012. The most substantial difference between the parties on each of the issues is on Issue 1 in which the Board's offer is 0% and the League's offer is 3.25%. On Issue 2, the Board's offer is 2% and the League's offer is 2.25% and on Issue 3, the Board's offer is 2.5% and the League's offer is 2.75%. The settlement that was arrived at through mediation was 3.25% for Issue 1, 2.25% for Issue 2 and 2.50% for Issue 3. The League points out that the eleventh hour mediation session which occurred on October 23, 2008 reviewed the economics of Naugatuck and the State as it existed at

that time. On November 24, 2008, the League voted by unanimous vote of its member in favor of the mediated settlement and the Board voted unanimously in favor of the mediated settlement on December 3, 2008. It was on January 6, 2009 that the Borough rejected the settlement.

The Board has argued before the Panel that the economic conditions of the Borough were substantially different in February 2009 when they presented their case to the Panel than it was when they discussed it on October 23, 2008 and, further, was different when their teachers voted on November 24, 2008, when the Board voted on December 3, 2009 and when the Borough rejected it by vote on January 6, 2009. It is pointed out that, at the negotiations and the mediation session, the Board had present one or two finance officers of the Town. The Board was well aware of what the financial conditions were in September, October, November, December 2008 and January 2009. While the Panel cannot say that there were no economic changes between the January 6, 2009 date and before the hearing date of February 10, 2009, the changes were moderate. The individuals representing the parties, the individual who mediated the matter and the parties involved in the matter had to be aware of what was happening to the economy and what it would be by the time the contract actually went into effect.

The League sets forth many, many aspects of the economic conditions in October 2008, in February 2009 and demonstrates how they were extremely similar. No one can argue that the physical condition is not somewhat different but the League has established, to the Panel's satisfaction, that the changes were not sufficient to destroy the settlement that had been arrived at. The contract that was settled by mediation contains many, many givebacks to the Board which have to be valued by the Panel. The givebacks are still part of the contract even though they could have been put in as issues to be decided by this arbitration process.

In its brief, the Board set forth a statement on Page 9 "In other words, the Board's budget does not reduce; it simply grows less". While the Panel can understand the Board's position in this statement, it must be realized that the budget does grow less. The difference in the first year when there is no step increase is a substantial change in the contract and as are changes to the medical insurance and changes to the contribution by the employees towards their health insurance. The savings on the step freeze would total \$473,568 whereas the insurance changes would show a savings of \$145,901 making a total of the two figures \$619,469. That does reduce the wage offer presented by the League. Other givebacks consist of a substantial increase in teacher common planning time meetings after school on a monthly basis and the teachers would not earn a salary lane change commencing on February 11, 2011 until a degree is conferred. Prior to this, the teachers received a higher lane designation without the teacher having to complete credit for the program involved. There is also the effect of the phase-out of the retiree health insurance which will show a substantial savings to the Town in the future. It is obvious to the Panel that that parties negotiated this stipulated agreement based on the knowledge of the economic problems and both sides negotiated with that thought in mind. It is pointed out that the Mayor of the Town of Naugatuck, as a voting member of

the Board of Education, voted in favor of the stipulated agreement and then on January 6, 2009 reversed his position when he voted as a member of the Borough

The witnesses for the Board reviewed with the Panel those items of the economy that were about the same at the February 10, 2009 meeting as they were in September and November 2008 and January 2009. As stated above, the members of the Board of Education were well aware of the existing economic problems which would continue to exist and grow and, yet, it was a unanimous vote in favor of the stipulated agreement by the Board. Comptroller Wayne McAllister was of great assistance to the Board during their negotiations and was also very helpful to the Panel at the hearing in February 2009. The League had evidence and placed argument in its brief as to the average of the New Haven County settlements for 2008 which showed Naugatuck to be substantially less than the other towns for each year for the total of the three years. The League also established that the size of classes were larger in Naugatuck than in other towns. It further set forth evidence to establish that the net current expenditure for ADM in DRG G showed Naugatuck to be substantially less than many towns in that DRG G group. It is obvious that this would establish a substantial challenge to the Naugatuck teachers when one considers that Naugatuck has a greater concentration of students eligible for free and reduced price lunch and that more of Naugatuck's juniors and seniors work at least 16 hours per week. It is clear that Naugatuck teachers are asked to do more with less.

The parties agreed to the changes in the cost of living and used that in arriving at the settlement. Comparing wages with other unions in Town would not show substantial evidence to the Panel because of the fact that most of the other contracts were negotiated substantially further back than the duration of the contract being looked at by this Panel. It is pointed out that many of the pieces that make up the contract before this Panel show substantial givebacks to the Board and the Town which no one else has offered at this point. It was pointed out that the Town has had a substantial fund balance from 2005 through to 2008. The period hereinbefore stated is well in excess of the 5% referenced in the criteria to be reviewed by this Panel. It is well known that Naugatuck teachers are not the highest paid in the State nor are they the lowest paid in the State and the increase which has been awarded by this Panel and agreed to in the mediated settlement will just about keep Naugatuck teachers at best a little lower when compared to other teachers as they were in the past.

Evidence was placed before the Panel that demonstrated there had been an increase in Naugatuck households with incomes from \$100,000 to \$149,000. It was 8.6% in 2000 and it is 11.7% in 2008 and, further, proposed to be 20.5% in 2013. Evidence was also placed before the Panel that Governor Rell's budget proposes 29.2 million of ECF funding to Naugatuck and for fiscal year 2009 and 2010, a total of over 3.1 million in new education dollars for Naugatuck has passed the House of Representatives in the federal "American Recovery Re-addressment Act of 2009". The Board pointed out that just prior to the mediation, it had Comptroller McAllister and Finance Board member Robert Butler who presented to the parties Naugatuck economic indicators. These gentlemen were well versed in finance and discussed with the Board members the

economic condition in October 2008 and what it might be later during the year and in the beginning of the next year. The Board stated point-blank in its brief that the League's representative agreed in mediation to a more moderate salary settlement than they had anticipated and that also it was well below their initial proposal. It is obvious to the Panel that both parties were working to resolve a contract which would be able to face the economic changes. The parties were not attempting to argue that the economic condition had not gone down but instead accepted the fact that the condition existed and, with that in mind, they had attempted to negotiate a contract which would be acceptable to everyone even with the drop in economic conditions.

It is the opinion of this Panel that the League's teachers recognized the economic difficulties as did the Board and that is the reason why the League agreed to many reductions in their benefits and work assignments that would assist to adjust the economic conditions. Both briefs are in complete agreement with one another as to what the reductions have been in benefits and the savings they provide.

The taxpayers of Naugatuck want what all taxpayers in all towns want and that is an excellent school system at a price that the Town can afford. The individual taxpayers do not want the Town to reduce their budget so as to damage their children's education. They want a solid education system to remain for 2009 as they had in 2008. They realize it will be at an increase in cost but it is an increase they are willing to pay as long as the educational system remains at least equal to what it has been in the past. There are a higher percentage of longtime educators in Naugatuck than the State averages. The teachers are happy where they are and want to continue teaching in the Naugatuck system. This is demonstrated by the concerns they have when they made changes in their contract which would help lessen the overall increases. If one looks at the offers by both sides, it will be shown that the only year that they are substantially different is the first year. As stated before, the increase of 3.25% that is being made by the League was agreed to by the Board and the Mayor at one time. It has to be offset to some extent by a loss of a step improvement for 2009-2010 and the other benefits that the teachers have now returned to the Town.

In its brief, the Board asked this Panel to take judicial notice of what has happened to jobs and wages at nearly every employment establishment in the United States. Layoffs, furloughs, less hours and the like have been used by some municipalities to assist all their debts. There is no example right now of any municipality that has laid off, furloughed or lessened the working hours of any teachers. As far as the job goes, the hours are set by the State of Connecticut and are not going to be reduced. This will not stop layoffs or furloughs except that to allow one or both of those would affect the educational system in a drastic way. This is not what the townspeople in Naugatuck want.

The teachers are well versed in economics and that is the reason why they have negotiated with the Board in the manner that they did. There was no animosity between the parties. It was a joint effort on their part to arrive at a contract that would be beneficial to both sides and, in the opinion of the Panel, that was done.

The majority of the Panel finds that the reduction is not needed in the first year as offered by the Board. The Board's offer of a zero (0) raise is not required to be awarded nor is it demanded by the difference in the economic conditions from October, November or December 2008. For the Board to set its offer at zero (0) when it leaves its offer in the second year at 2.25% as in the mediated agreement and then offers in the third year the same as the mediated agreement, does not make sense. All an agreement of 3.25% and an offer of zero (0) do is to insult the League's members act of leaving its lessening of benefits in the agreed upon language filed with the Panel. The loss of the step increase as agreed by the League is, as we all know, a substantial drop in costs for the Board in its budget for the first year of the contract.

Based on the above, the Panel has awarded Issues 1 and 2 to the League and Issue 3 to the Board.

Voting in Favor

Thomas J. Staley, Esq., Panel Chair
John M. Romanow, Esq., Rep. the Board

Dissenting

Jeffrey Rosenberg, Esq., Rep. the League