

Negotiations Update

MUSD and MUTA declared impasse in negotiations in mid-October 2012. Fact finding began on Friday, March 15th after mediation failed to reach an agreement that can lead to a contract. Many of you have requested additional information on the status of the talks and the issues separating us. This Q and A will provide simple answers to the most significant questions and reflects the latest information available as we work toward a settlement that meets the needs of our teachers while keeping our future costs under control.

How does fact finding work, and what has happened so far?

The District and the Association each appoint a representative and those two select a third impartial chair. The MUTA designee is Caryn Coss and the Board's appointee is John Gray. Together they selected Southern California mediator Bonnie Castrey. The three panel members listened to presentations from both the District and MUTA and together they develop an advisory report to the Board that suggests fair and responsive solutions. They hope to have their report completed within the next month.

What are the issues that resulted in impasse?

The costs of health benefits in MUSD are escalating annually, as they are everywhere. Over the past decade, the District has absorbed substantial increases as you can see from the chart on the reverse. Those additional costs come directly out of an already stressed general fund. This year the district is in deficit spending – spending more than we are receiving. The inability of the district to contain costs in some formal manner is at the heart of the present stalemate. Without some degree of control, the district benefits package could result in the District facing further reductions, a condition that would impact everyone who works and learns here. The District is seeking cost containment measures to ensure this solvency.

What is the District doing to contain costs?

Benefit costs have risen substantially with the current service providers. Because the contract specified “district-provided” insurances, little could be done to contain costs without substantial changes in what and how services are offered. Instead the District made many other cuts to continue existing programs. We are currently working with a Health and Welfare Committee whose members are made up of MUTA, CSEA, CMBA, AFT and management. They have begun to meet bi-monthly to review proposals from health care providers and evaluate their available health care plans. We are currently using a “buy off the shelf” plan for our health care and looking at creative ways to provide the level of care we currently have -- or better -- as a starting point. As you know, the budget has been cut to the bone in the past few years and we are facing further cuts in the year ahead, despite new taxes and a temporarily healthy reserve. Projected future cuts to the general fund include a 9% cut in federal dollars.

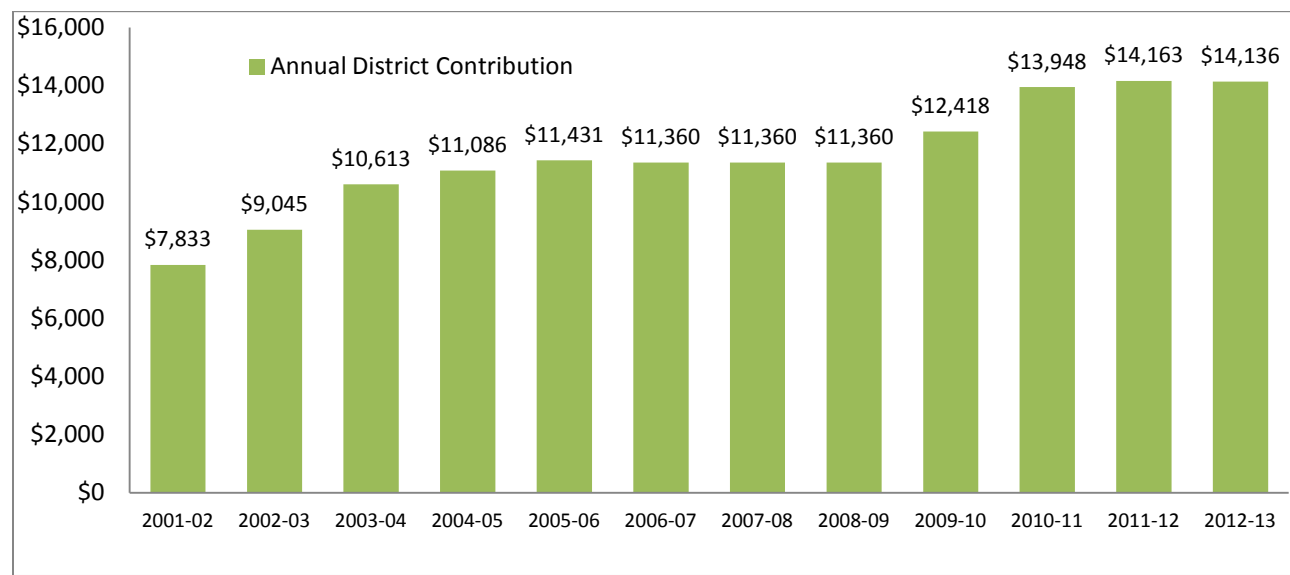
Why is the issue over benefits, not salary, after so many years without a salary increase?

Until the costs of benefits are contained and secure, the affordability of ongoing salary increases is in question. The District must firmly establish a budget with all costs projected accurately, and that requires salary increases to be placed on hold.

What do the MUSD benefits cost? How does that compare to others in the County?

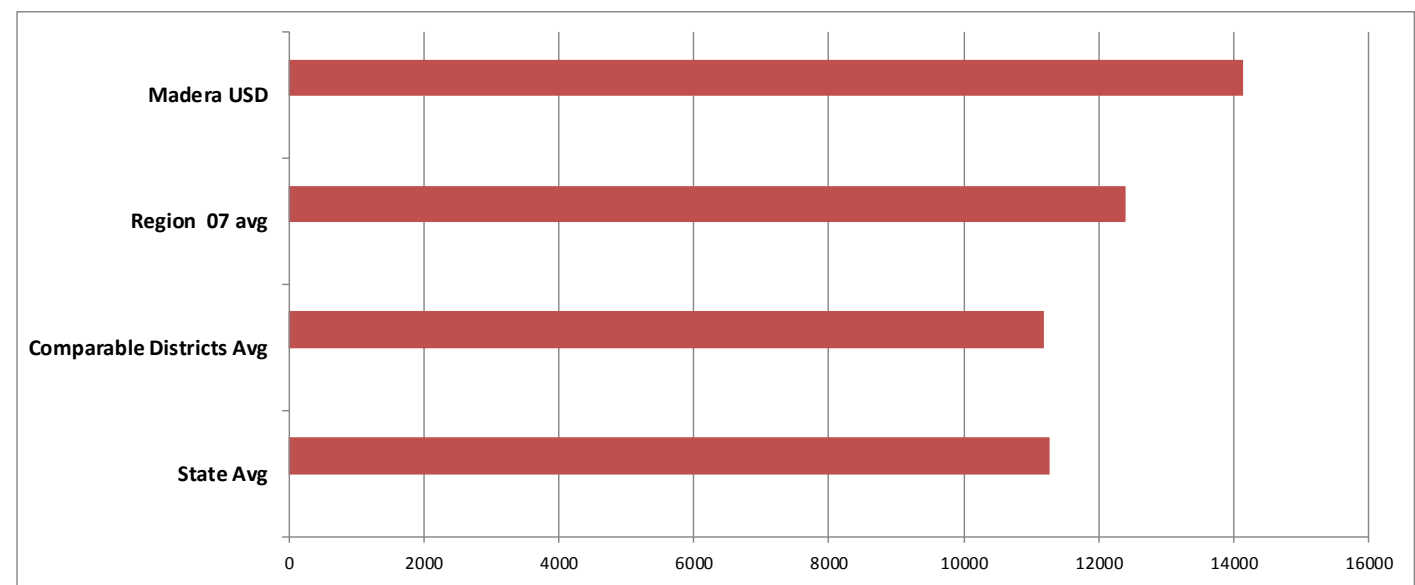
Presently the District pays benefits **worth more than \$14,000 per employee** (per the 90/10 CBA split) a total of **\$23.5 million district-wide**, annually. This includes ALL employees, not just teachers. Madera is the only district in the County without a maximum contribution, and is the **second highest of all districts** (only Raymond Knowles is higher.) In comparable districts the costs per certificated employee range from approximately \$8287 in Manteca USD to \$14,575 in Los Banos USD. The chart below shows how the costs have escalated here in Madera since 2001-02, based on actual costs, not projections. In a deficit mode due to

cuts in state and federal spending, the District has no alternative but to join most other districts in the state in cost containment measures – either a maximum on contributions, or a limit on escalating contributions through negotiated agreement.



How do the Madera USD contributions compare to others?

Madera’s costs are significantly above nearly every reasonable comparison group as the chart below shows:



The District is fully aware of the concerns of staff about out-of-pocket costs. Equally important for District finances are the effects of a benefits package that lacks some degree of protection against ongoing inflationary costs. Further, the District must settle with other employee groups as well as teachers, and maintain a salary schedule that attracts and sustains talented teachers. It is an extremely difficult balancing act, and one with impact at many levels. Those conflicting issues are at the heart of the current impasse.