



Ho-Ho-Kus Board of Education

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The Ho-Ho-Kus Board of Education supports Ho-Ho-Kus teachers. We appreciate their deep professional and personal commitment to the students of Ho-Ho-Kus. We also appreciate our duty to the Ho-Ho-Kus taxpayers to be prudent stewards of the public monies allocated to our school budget each year. In order to provide the best education possible within the limits of our budget, the Board must carefully allocate funds among many categories of necessary and important expenses. Teachers' salaries and benefits comprise our largest expense category, therefore, the teachers' contract has the largest financial impact on our district of any item in our budget. We are disappointed that we have been unable to settle on new contractual terms with the HEA after more than nine months of good-faith negotiations. The Board would like to update the public now that we are no longer under an obligation to maintain confidentiality.

In Ho-Ho-Kus and many districts all around New Jersey this year teachers and school boards are negotiating primarily over what portion of teacher health benefits premiums will be paid by teachers and what portion will be paid by taxpayers. A New Jersey law, called Chapter 78, was enacted several years ago to phase in teacher contributions toward health benefits premiums, which had historically been paid entirely by taxpayers. In Ho-Ho-Kus our teachers' Chapter 78 contributions have been fully phased in so that each teacher pays between 3% and 35% of his or her premium depending on his or her salary and chosen benefits plan while Ho-Ho-Kus taxpayers pay the rest. The current cost of a Direct 10 Family Plan for our staff is approximately \$37,000 per year. Presently, the Ho-Ho-Kus School District pays on average 75% of the health benefits costs, while the teachers pay on average 25% of the costs through employee contributions.

The cost of health benefits is one of our largest budget challenges because rates continue to rise and are difficult to project. Ho-Ho-Kus teachers' Chapter 78 contributions have become crucial to our budget and have allowed us to make fewer cuts to our program and staff than we would have had to make if the district shouldered the entire health benefits burden each year. Nevertheless, the Board understands that these Chapter 78 contributions have been a difficult adjustment for teachers, especially for those at the highest salary levels with the most costly plans, and has proposed a contract to provide some relief to those teachers.

In April, the Board made a fair proposal to the HEA - a 3 year contract that provides for competitive annual salary increases and maintenance of current health benefits and Chapter 78 contribution rates. The proposed contract also provides a defined annual pool of money that the HEA can use as non-pensionable stipends to offset Chapter 78 costs for teachers paying the most. In exchange, the Board requested a reduction in weekly

teacher preparation time, which would result in an increase in daily pupil contact time for teachers.

The HEA has repeatedly refused this offer. The HEA demands that in addition to salary increases that any new contract must also simultaneously reduce the teachers' Chapter 78 contribution rates. Such a reduction in the portion of premiums paid by teachers would result in an increase in the portion paid by the District – ultimately borne by Ho-Ho-Kus taxpayers. It is no secret that our school budget is constrained and stressed. Such an increase in our health benefits costs would force the Board to make more cuts to our program and staffing and would have a lasting, negative impact on the District.

The New Jersey Department of Education data show that Ho-Ho-Kus spends a higher percentage of its budget on teacher salaries and benefits than most other K-8 schools in Bergen County and the State. Our median teacher salary is in the top 25% of Bergen County K-8 districts and is higher than those of the other Quad K-8 districts. Ho-Ho-Kus teachers have more prep time than in most other districts in our area. While the Board continues to support strong investment in our teachers, we must do so in a fiscally responsible manner.

The Board's proposal is a compromise between what the teachers want and what the District can afford. It is fair and reasonable. Other districts have settled contracts with similar structures using a defined pool of money for Chapter 78 relief. Under the Board's proposal, Ho-Ho-Kus teachers would continue to be compensated competitively and would receive Chapter 78 relief in the form of a fixed dollar amount that is budgetarily manageable for the District.

At the December 4th Ho-Ho-Kus Board of Education meeting the HEA requested that the Board present a "new proposal" to the HEA by December 11th. The Board has no "new proposal" that will satisfy the HEA's demands. The HEA has repeatedly and unequivocally stated that Ho-Ho-Kus teachers will not entertain any contract proposal that does not include a "permanent reduction" to teachers' Chapter 78 contributions. The HEA has also been unwilling to discuss an increase in pupil contact time. A State-appointed mediator advised the Board in September that the HEA would not move off of its position, and therefore moved the parties to fact-finding.

The Board remains willing to meet at any time with the HEA to discuss any proposals that include increased pupil contact time and do not include permanent Chapter 78 contribution reductions. If the HEA is unwilling to meet and negotiate, the Board will await the assistance of the State-appointed fact-finder, who is scheduled to meet with the parties on January 21, 2019. We sincerely hope that we can resolve these contract negotiations expeditiously and achieve a contract that is fair to both our teachers and the Ho-Ho-Kus taxpayers.