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**KENAI PENINSULA BOROUGH SCHOOL DISTRICT**

# PRESS RELEASE

## *Status of Negotiations between KPBSD and the KPEA and KPESA*

**Soldotna, February 8, 2013**—The following email was sent to all Kenai Peninsula Borough School District employees this afternoon, following the February 5, 2013, bargaining session between KPBSD and the KPEA and KPESA.

Sent to: All KPBSD staff  
Subject: info: 2/8/13 collective bargaining update from KPBSD

Dear KPBSD employees,

Thank you for your continued patience during the negotiation process between KPBSD and KPEA and KPESA.

On February 5, 2013, KPBSD met with both KPEA and KPESA for collective bargaining. This was the second meeting since the Advisory Arbitration Award/Opinion was received on December 21, 2012.

During more than twelve hours of bargaining, KPBSD did listen to concerns from the Associations and addressed the issues in the last best package offer presented on February 5, 2013. This offer is posted on the [KPBSD Collective Bargaining webpage](#).

**The Associations verbally indicated their willingness to sign an acceptance of the offer KPBSD presented, with one exception:** the Associations changed the health care percentage split in year two of the contract to 85/15% in contrast to the District proposal of 83/17%. The District did not agree to the proposed change; the District offer adopts an 85/15% in year three of the contract.

The Associations called a caucus. The KPBSD negotiating team is awaiting a reply from KPESA, and KPEA.

The last best offer by the school district to KPESA and KPEA adopts the Arbitrator's recommendations of:

- "A 2% salary increase for each of the three years of the contract, built into the salary schedule."\*
- "Health care percentage change to 80/20 % (year one); 83/17 % (year two); and 85/15 % (year three). (Currently, if health care plan costs exceed the mandated fixed contributions by both the District and the employees, those costs are shared 50/50 %. The school district proposal eliminates the 50/50 cost share.) Also, the additional amount employees contribute monthly for dependent, spouse, or family health care coverage is eliminated."\*

### Information

The Associations continue their efforts mischaracterizing what has occurred at the bargaining table regarding the Health Care Committee, asserting some kind of power grab by the District. The facts are that the Committee no longer needs or warrants the authority it previously had for two main reasons:

- First, there will no longer be a health care reserve account under the Committee's control. That is because with a phased in 85% District 15% Employee contribution rate, the actual costs of the Health Plan will be paid. The prior funding method established contribution amounts that turned out to be, in some years, more than the Plan's actual

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costs. As a result, a Reserve was established for use in the years when the contributions were less than the Plan's actual costs. Now that the phased in 85/15% method of funding pays actual costs, there will be no excess for the Committee to reserve and use. So, that "power" is no longer relevant or needed. Addressing the Associations concern regarding a calculation of the monthly employee contribution rate, the District's February 5, 2013 offer states: **"The health care sub committee [4 KPEA, 3 KPESA, and 1 KPAA member] shall determine the employee contribution amount."**

- Second, because of the phased in 85/15% contribution rate, the 50/50% split of costs in excess of what the set contribution rates brought into the Plan, has been recognized by all parties, as well as the Arbitrator, to no longer be needed as part of the Plan funding methodology. However, that 50/50% split of cost did act as a natural brake and cautionary factor against unilateral increases to Plan benefits and costs by the Committee, because the employees would be paying half of those increased costs. Prior to this period of bargaining, the current Committee has never chosen or approved a Broker, Third Party Administrator (TPA), or Stop-Loss provider. The Committee has never filed a grievance over this article in the CBA.

With the District now paying the phased in rate of 80%, 83%, and 85% of all Plan costs over the three year contract, the District cannot delegate to the prior Committee that same authority to unilaterally increase Plan costs. To the Associations, that position of the District is some sort of power play. Putting such emotionalism aside, it seems undisputed that the District itself, with revenues primarily based on what the State Legislature determines, cannot abrogate its responsibilities to maintain the fiscal health and integrity of the District by allowing unfettered cost increases to the Health Plan, without any ability to prevent those increases.

In the new Health Care Committee structure, all user groups, as well as the District, will now have to collaboratively and intelligently make decisions regarding the Plan's benefit structure and cost increases.

Thank you for your time and consideration in reviewing the District's position and reasoning on this matter.

Finally, the Arbitrator's Award/Opinion did not address a methodology of implementing wage increases retroactive to July 1, 2012. [Appendix A in the District's February 5, 2013 offer](#) addresses these topics and the administrative function of implementation.

Thank you for your commitment to your work at KPBSD.

**\*From final two pages of the Arbitrator's Award/Opinion**

**1. Salary Schedule:** "For FY 13, FY 14 and FY 15, the pay scales in each year of these Agreements shall be increased by two percent (2%)."

**2. Health Insurance:**

"For FY 13 the District will make contributions on a 12-month basis equal to 80% of the cost of the health care program and employees will make contributions on a 12-month basis equal to 20% of the cost of the health care program.

For FY 14 the District will make contributions on a 12-month basis equal to 83% of the cost of the health care program and employees will make contributions on a 12-month basis equal to 17% of the cost of health care program.

For FY 15 the District will make contributions on 12 month basis equal to 85% of the cost of the health care program and employees will make contributions on a 12-month basis equal to 15% of the cost of the health care program.

The paragraph that provides for the 50/50 percentage split between the District and employees for health care costs shall be eliminated. Additional amounts for dependent, spouse and family coverage shall be eliminated."

**Links**

[February 5, 2013 KPBSD offer to KPEA](#)

[February 5, 2013 KPBSD offer to KPESA](#)

February 5, 2013 [Salary and Health Care summary with examples](#)

Arbitrators Award/Opinion: <http://bit.ly/21December2012ArbitratorsAward>

Collective Bargaining webpage: <http://bit.ly/CollectiveBargainingKPBSD>

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