



NEGOTIATION UPDATE

Late Fall 2014

A Publication of the Cumru Township Board of Commissioners

Dear Cumru Township Resident:

As the Board of Commissioners, we strive to balance our dedication to maintaining a desirable community with our commitment to fiscal responsibility. In recent years, achieving this balance has become increasingly challenging. As we look ahead to 2015, we must thoughtfully weigh what Cumru Township residents need against what they can afford.

There is a good reason for this predicament: revenues are stagnant. State funding has remained flat. There is no development on the horizon and a limited commercial and industrial base from which we can derive taxable income.

This would be fine if our township was not faced with critical financial obligations: the repair of the Poplar Neck Bridge, road repaving projects, and an essential streetlight purchase. All of these obligations come with a price tag, and since our Commissioners are sensitive to the financial limitations of our taxpayers, we must identify ways to balance our budget with minimal impact on our residents.

As our Township works diligently to develop a balanced budget for 2015, we are at a negotiation impasse with the Cumru Township Police Officers Association — the union which represents our police.

Recognizing the importance of keeping the Cumru Township community in the loop about our negotiation challenges and our proposals for addressing them, the Board of Commissioners has decided to share a side-by-side comparison of the most current proposals in this issue of "Negotiation Update."

As details surrounding proposals change, we encourage you to stay up-to-date on negotiations by visiting www.cumrutownship.org.

Sincerely,
The Cumru Township Board of Commissioners

A Side-By-Side Comparison of the Issues In Dispute

The Cumru Township Negotiating Team and the union representing the police have been meeting since March of 2014 to discuss the next contract. Here is a side-by-side comparison of the Board of Commissioner's plan and the most current formal proposal submitted by the Cumru Township Police Officers Association. This information is current as of November 19, 2014. As you can see many issues divide the parties.

CONTRACT LENGTH

What the Board of Commissioners is Offering

- ◆ 3 year contract which runs from 2015 through 2017, thus enabling the Township to assess economic uncertainties which occur beyond 2017.

What the Union Wants

- ◆ 4 year contract through 2018

HEALTH INSURANCE

What the Board of Commissioners is Offering

- ◆ The Township has a fiscal obligation to reduce the spiraling cost of health insurance for police officers. Under the expiring contract, the Township pays \$27,352 per year, per family plan to cover Capital Blue Cross. Police officers contribute a total of \$12 per year (\$1 per month) and have no co-pays.
- ◆ The Township is proposing a more realistic approach to cost-sharing which includes the following contributions from officers:
 - **2015:** \$120 per month family coverage or \$60 per month single coverage
 - **2016:** \$140 per month family coverage or \$70 per month single coverage
 - **2017:** \$160 per month family coverage or \$90 per month single coverage

What the Union Wants

- ◆ The union's insurance plan defies the norms of what most Cumru Township citizens are paying toward their own health insurance by proposing that officers pay the following monthly contributions:
 - **2015:** \$20 per month family coverage or \$10 per month single coverage
 - **2016:** \$30 per month family coverage or \$15 per month single coverage
 - **2017:** \$40 per month family coverage or \$20 per month single coverage
 - **2018:** \$50 per month family coverage or \$25 per month single coverage
- ◆ The Union's proposal indicates that Capital Blue Cross must be provided, no exceptions. However, the Township negotiates and purchases health care through a consortium of other municipalities and cannot dictate a specific plan.

SALARIES

What the Board of Commissioners is Offering

- ◆ With so many unresolved issues involving health insurance cost-sharing, the Township feels submitting a salary proposal at this time would be premature and fiscally irresponsible. Historical data regarding past salary increases demonstrates that salary increases have always been fair.
- ◆ Under the expiring contract, the average salary for a Township police officer is \$90,679. Starting salaries for first-year police officers begin at \$58,000. Both of these figures exclude benefits.

What the Union Wants

- ◆ Escalating salary increases in each year of the contract as follows:
 - **2015:** 3.25%
 - **2016:** 3.5%
 - **2017:** 3.75%
 - **2018:** 4.0%
- ◆ Under the union's complete salary, benefits, and compensation proposal, the average salary and benefit package for a Township police officer would be \$225,000 at the end of the contract based on the Township's review of existing data.

PENSION PLAN

What the Board of Commissioners is Offering

- ◆ It has been brought to the Township's attention by the State's Auditor General's Office that the expiring contract does not comply with Act 600 and must be adjusted to avoid liability in the next contract.
- ◆ Under the expiring contract, police officers contribute 3.5% toward their Defined Benefit Pension Plan. Act 600 allows that police officers can contribute up to 5% of total compensation.
- ◆ To narrow the nearly \$3.8 million unfunded Pension liability (as of 1/1/2013), the Township's proposal calls for officer contributions of 5%.

What the Union Wants

- ◆ The union's proposal calls for the following pension contribution increases in each year of the contract:
 - **2015:** 3.62%
 - **2016:** 3.75%
 - **2017:** 3.875%
 - **2018:** 4.0%
- ◆ This proposal fails to address the compliance requirements of Act 600 and it forces the Township to use taxpayer money to make up the difference in the unfunded pension plan.

Other issues besides those outlined above have resulted in stalled negotiations. They will be covered in future communications and on the Township website.



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NEGOTIATION UPDATE

Staying Abreast of Contract Talks

The cost of paying for a new contract for Cumru Township's police officers should be of particular interest to taxpayers, since salaries and benefits of police accounted for \$3.4 million of the Township's budget last year.

Stay abreast of negotiations by visiting the Township's website at www.cumrutownship.com.

All updates on negotiation milestones will be shared on the Website, on Facebook and via local media outlets.

