

Prepared Notes for Board Meeting – WESP Contract

June 27, 2011

Marc A. Schare –

614 791-0067

marc9@aol.com

To the relief of all, I'm not going to go on for long about this agreement. I will be voting in favor of it because the reality is that rolling the dice on Senate Bill 5 and hoping for a better outcome closer to the expiration of the current contract makes little sense and could cost taxpayers big-time depending on the outcome. In my judgment, it is prudent to take this particular bird in the hand. While the negotiated agreement does represent shared sacrifice and is worthy of support, I do need to point out two areas that I feel deserved a closer look by the board's negotiating team.

1) The contract breaks faith with the performance audit that we promised constituents would not sit on a shelf. The audit identified areas where we are overpaying WESP employees but just as importantly, it identified areas where we are underpaying employees. Compensation should be used as a strategic tool in hiring practices. This agreement essentially locks in the current structure for 3 years. I don't know if this leaves us in a better position to hire top employees in these positions, a worse position or if it doesn't matter. The subject was never seriously discussed, but certainly by the expiration of this contract, the performance audit data will be too old to be of much use.

2) The contract breaks faith with the performance audit in the important area of health care. While the agreement does initiate a much needed taxpayer cap, the reality is that requiring Worthington's taxpayers to pick up 90% of the health care premium for any employee is going to be a bitter pill to swallow as we proceed to the ballot in 2012. Other employees in the district are contributing 14%. While we all empathize with employees faced with rapidly increasing health care costs, these costs are also hitting our constituents pretty hard. For the cap to come into play during the duration of this contract, premiums would have to rise from \$16,000 to \$24,000 for family coverage, an aggregate 50% increase in under 3 years. Frankly, if the health insurance marketplace moves that high that quickly, our constituents are going to be in a world of hurt and probably unwilling to pass levies to pay for subsidizing employee health care at these levels. I also think the board should have looked at bifurcated plans for new employees and cost saving measures like spousal exclusions. The incremental cost to the taxpayer for this status-quo health care plan, assuming the increases in the October 2010 forecast (16% in 2012, 10% in 2013 and 10% in 2014) come to pass, is 2.1 million dollars over the three year period and even then, the premium cost would not hit the cap. Even requiring the same, modest 14% contribution from WESP membership could have saved the taxpayer about \$530K over that period. Still, this number does not warrant outright rejection of this contract.

I continue to be disappointed at the transparency, or lack thereof, throughout this process. While we did offer some information to the press, the resulting article greatly distorted

the agreement and to date, there has been no correction, and the only document that counts, the contract itself, has not been made available to the public. I continue to hope that one day, we'll treat the people in this district that pay the bills as full partners in this venture and provide them with timely, meaningful information on which they can opine if desired before the board takes significant action on the issues of the day.