

**CASE 2- Newton School Dispute** –Assignment due April 4th, 2017. This is a team assignment. You are to turn in a negotiation summary between 4-7 pages for each team discussing the following issues as noted below. **Note the paper portion should be sent to me via Blackboard by midnight Saturday night, April 1, 2017.** Teams A, C, E and G will present the negotiation issues from the Newton School Board perspective. Teams B, D and F will present the negotiation issues from the Teacher's Association perspective. A 10-12 minute summary presentation by representatives of each team will be required on April 4<sup>th</sup> 2017. **Please make sure to utilize the Position Table in the presentation.** Please provide a copy of the presentation slides as well. Please have the names of the participants to the team noted on the papers. One grade will be given to the team for both the paper and the presentation. **There will be a peer evaluation at the end so please make sure you contribute to the group effort!**

1. What are the key issues to be negotiated? Please indicate whether this is a distributive or integrative negotiation.
2. Assembling the issues and defining the bargaining mix:
  - Which issues are most important and which issues are less important?
  - Which issues are linked to other issues, and which are separate or unconnected?
3. Defining the interests: What is the other's primary underlying interests?
4. Defining limits:
  - What is our walkaway point on each issue – that is, what is a minimally acceptable settlement for each issue of the issues as a package?
  - If this negotiation fails, what is our best alternative to a negotiated agreement (BATNA)?
5. Defining targets and openings:
  - What will be our preferred settlement in each issue?
  - What will be our opening request for each issue?
  - Where are we willing to trade off issues against each other in the bargaining mix?
6. Constituencies: TO whom is the other accountable for the solution—that is, to whom does he or she report or have to explain or defend the outcome? Does this party also have to be involved in issue definition and goal setting?
7. Opposite negotiators: Who is the other party (or parties) in the negotiation?
  - What information do we have about them?
  - What issues will they have?
  - What priorities are they likely to have for their issues?
  - What are their interests?

- What has been my past relationship with them? What future relationship do I need to have, or would I like to have with them?
- What is their reputation and style, and how should I take this into consideration?

#### 8. Selecting a strategy:

- What overall negotiation and strategy do you want to select? How important are the outcome and the relationship with the other?
- What strategy do you expect the other side will be selecting?

#### 9. Planning the issue presentation and defense:

- What research do you need to do on the issues so that you can argue for them convincingly and compellingly?
- Do you have (or can you prepare) graphs, charts, and figures that will clearly communicate my preferences?
- In what order and sequence should you present the information?
- What arguments can you anticipate from the other party, and how are you going to counteract their arguments?
- What tactics will you use to present my arguments or defend against the other's arguments?
- What tactics will you use to try to move us toward agreement?
- What roles will different people play in the negotiation?

#### 10. Protocol:

- Where will we negotiate? Do we wish to influence the choice of location?
- When will we negotiate? DO we wish to influence the time and length of negotiation?
- Who will be at the actual negotiation meeting? Do we want to bring other parties to serve a particular purpose (e.g., an expert or an observer)?
- Do we have an agenda? How can we help to either create the agenda or participate in its development?
- What will we do if the negotiation fails?
- Who will write down and confirm this agreement? Do we need to have the contract reviewed by a professional (e.g., attorney, accountant, and/or agent)?

\*\*\*FOR YOUR PRESENTATION USE THE POSITION TABLE TEMPLATE and the Initial Offer Form and the Final Settlement Form at the end of the Case.



# Newtown School Dispute

## Introduction

In this simulation, you will play a member of either a school board or teachers' association bargaining team. You and the other members of your team, and the members of the other team, are negotiators representing constituencies. You will deal with a complex mix of bargaining issues; these issues have differing preference functions for each side. Finally, you will be subject to a variety of pressures during the negotiations.

## Background Information

It is now September 10, the opening day of the school year in Newtown. The contract between Newtown School District and the Newtown Teachers' Association expired on June 30. Since then, the Board of Education and representatives of the Teachers' Association have met on several occasions in an attempt to finalize a contract, but these attempts have not been successful.

Prior to June 30 and during the summer months, there was increasing talk among the membership of the Teachers' Association of the desirability of calling a strike if the contract was not finalized by opening day. However, the leadership of the Teachers' Association agreed, for the benefit of the community, to resume normal operations throughout the system (without a contract) on opening day *on a day-to-day basis*. This is in response to parent pressures to resume normal operations. Parents have been placing pressure on both teachers and the board to keep the schools operating, but voters have twice defeated referendums for increased taxes to cover unavoidable budgetary increases. Due to decreases in enrollment and income from local taxes and state and federal aid, as well as increased costs, maintenance of the school budget at par with the previous year would produce a 3.95 percent budgetary shortfall, which the board feels would begin to exhaust budgetary categories beginning in the coming April. Therefore, the board feels that programs and personnel must be cut while, at the same time, productivity (workload) of teachers must be increased if the system is to function effectively within its budgetary constraints to the end (June 30) of the current fiscal year. The district is mandated by state law to provide 190 instructional days during the school year.

The Board of Education is caught between the Teachers' Association and community pressure groups. The board believes that it must satisfy these pressure groups, while at the same time keeping the teachers on the job with a contract that is acceptable to the bargaining unit's membership. The board is concerned that if it fails to respond appropriately to community pressures for cost reductions, it may be removed. The board's primary objective, therefore, is to cut costs while retaining as many programs as possible. It hopes to do so through cutbacks in teaching personnel and increases in teacher productivity (workload). The board also wishes to eliminate certain existing agreements in order to increase productivity. In this connection, the board



wants to negotiate a three-year contract that will "stabilize" the situation by creating orderly and predictable budgetary needs that will be less likely to be seen as excessive by various community groups. In contrast, the Teachers' Association wants to obtain a one-year contract to maintain flexibility.

The Teachers' Association also feels caught between community pressure groups, who want to avert a strike, and the board's apparent unwillingness to fight for increased budget allocations to run the system. The teachers feel the board has not faced up to the community's unwillingness to accept increased taxation to pay for education, and that the board is simply responding to community unwillingness by passing the burden along to teachers.

Newtown is a relatively settled and stable upper-middle-income community, with a strong interest in quality education, but is disinclined to increase its already burdensome tax rate. The Newtown School District consists of 12 schools: 9 elementary schools (K-8) and 3 senior high schools. The student population is 12,000, with 8,000 elementary and 4,000 high school students. The bargaining unit, representing 95 percent of all teachers, consists of 250 elementary teachers in all categories and 120 high school teachers in all categories.

Both sides wish to conclude an agreement to avert a strike. However, the Teachers' Association bargaining team is adamantly committed to improving the lot of its membership, and the board is just as committed to keeping its costs as low as possible. Nevertheless, each side feels it has some room to move on certain issues.

#### Newtown School District Teachers' Salary Schedule

Step	Amount	Last Year's Number of Teachers	Cost	This Year's Number of Teachers	Cost
1 (Entry)	\$28,500	20	\$ 570,000	0	\$ 0
2	29,000	20	580,000	20	580,000
3	30,000	28	840,000	20	600,000
4	31,000	31	961,000	26	806,000
5	32,000	30	960,000	28	896,000
6	33,500	23	770,500	26	871,000
7	34,500	24	828,000	23	793,500
8	35,500	15	532,500	22	781,000
9	37,000	16	592,000	15	555,000
10	38,000	18	684,000	16	608,000
11	39,000	19	741,000	18	702,000
12	41,000	21	861,000	18	738,000
13	42,000	20	840,000	19	798,000
14	44,000	22	968,000	20	880,000
15	45,000	18	810,000	21	945,000
16	47,000	19	893,000	18	846,000
17	48,000	16	768,000	18	864,000
18	50,000	17	850,000	16	800,000
19	51,000	14	714,000	15	765,000
20	53,000	9	477,000	11	583,000
Totals		400	\$15,240,000	370	\$14,411,500



## Current School Year, July 1–June 30, Projected Budget

### 1. Income

1.1 Local tax (same rate as last year will continue, \$5.85 per \$1,000. No significant increase in property values expected.)	\$23,891,904
1.2 State (formula yield per pupil will remain the same. Legislature may meet and possibly raise formula for next year.)	8,470,000
1.3 Federal	1,369,500
Total	<u>\$33,731,404</u>

Note: This is a decrease of \$851,716 (–2.46%) from the previous year's income.

### 2. Expenditures

2.1 Administration	
2.1.1 Professional salaries	\$2,030,000
2.1.2 Clerical/secretaries	497,000
2.1.3 Other	470,000
Total	<u>\$2,997,000</u>
2.2 Instruction	
2.2.1 Teacher salaries	\$14,411,500 <sup>a</sup>
Fringes	2,824,654
2.2.2 Aides	2,047,000
2.2.3 Materials/supplies	2,053,400 <sup>b</sup>
Total	<u>\$21,336,554</u>
2.3 Plant operation/maintenance	
2.3.1 Salaries	\$2,312,400
2.3.2 Utilities	2,023,000 <sup>c</sup>
2.3.3 Other	500,000 <sup>d</sup>
Total	<u>\$4,835,400</u>
2.4 Fixed charges	
2.4.1 Retirement	\$2,111,200 <sup>e</sup>
2.4.2 Other	783,000
Total	<u>2,894,200</u>
2.5 Debt service	<u>\$1,763,782<sup>f</sup></u>
2.6 Transportation	
2.6.1 Salaries	\$631,060
2.6.2 Other	660,370 <sup>g</sup>
Total	<u>\$1,291,430</u>
Grand total	<u><u>\$35,118,366</u></u>

#### Notes:

Total number of pupils = 12,000

Total number of teachers = 370

Per pupil expenditure = \$2,927

## Current School Year, July 1–June 30, Projected Budget (concluded)

\*Cost of utilities is expected to increase by approximately 65 percent due to rate increases and overdue, deferred maintenance.

\*Cost projections indicate a 13 percent increase in this category.

\*Teacher retirement is up 5 percent due to increases mandated by the legislature to pay for new benefits. This was partially offset by attrition.

\*Debt service is up 22 percent due to increased difficulty in floating bonds.

\*Other transportation costs are up 31 percent due to increases in operating and maintenance costs.

## Last School Year, July 1–June 30, Actual Audit

### 1. Income

1.1 Local tax (\$5.85 per \$1,000 worth assessed real property. Assessment is at full value.)	\$24,743,620
1.2 State (based on an equalization formula, improved during the last legislative session. Yielded \$621.28 per pupil in administration last year.)	8,475,354
1.3 Federal	1,368,150
Total	<u>\$34,587,124</u>

### 2. Expenditures

2.1 Administration	
2.1.1 Professional salaries	\$2,077,359
2.1.2 Clerical/secretarial	513,529
2.1.3 Other	454,972
Total	<u>\$3,045,860</u>
2.2 Instruction	
2.2.1 Teacher salaries	\$15,240,000
Fringes	2,987,040
2.2.2 Aides	2,277,451
2.2.3 Materials/supplies	1,400,313
Total	<u>\$21,904,804</u>
2.3 Plant operations/maintenance	
2.3.1 Salaries	\$2,386,327
2.3.2 Utilities	1,224,255
2.3.3 Other	441,788
Total	<u>\$4,052,370</u>
2.4 Fixed charges	
2.4.1 Retirement	\$2,039,280
2.4.2 Other	787,906
Total	<u>2,827,186</u>
2.5 Debt service	<u>\$1,444,370</u>



**Last School Year, July 1-June 30, Actual Audit (concluded)**

2.6 Transportation	
2.6.1 Salaries	\$729,878
2.6.2 Other	<u>582,656</u>
Total	<u>\$1,312,534</u>
Grand total	<u><u>\$34,587,124</u></u>

**Notes:**

Total number of pupils = 12,800

Total number of teachers = 400

Per pupil expenditure = \$2,702

Last year, the year of the audit on this page, there were 12,800 students in the public school system.

The current year's projected enrollment is 12,000.

**Initial Offer Form**

**Board of Education** \_\_\_\_\_

**Teachers' Association** \_\_\_\_\_

Item	Bottom-Line Position	Desired Settlement	Opening Offer
Salary	_____	_____	_____
Reduction in staff	_____	_____	_____
Workload	_____	_____	_____
Evaluation of teachers	_____	_____	_____
Binding arbitration	_____	_____	_____
Benefits	_____	_____	_____

**Final Settlement Form**

**Board of Education** \_\_\_\_\_

**Teachers' Association** \_\_\_\_\_

Item	Settlement
Salary	_____
Reduction in staff	_____
Workload	_____
Evaluation of teachers	_____
Binding arbitration	_____
Benefits	_____

## Position Table

Counterparty in Negotiation <u>Primary Interests (drivers)</u>  <u>Power considerations</u>	Your Group's Position <u>Primary Interests (drivers)</u>  <u>Power considerations</u>	Counterparty in Negotiation  What is their most desired outcome (target to shoot for) and bottom line for each issue? How to you expect them to open? Answer why for each question	Your Position in the Negotiation  What is your most desired outcome (target to shoot for) and bottom line for each issue? How will you open? Answer why for each question.	Notes  What is the zone of possible agreement (ZOPA) for each issue? How important or valuable is this issue and are there any dependent issues? Any Other points?



## Position Table

Issue Being Negotiated	Counterparty in Negotiation What is their most desired outcome (target to shoot for) and bottom line for each issue? How to you expect them to open? Answer why for each question.	Your Position in the Negotiation What is your most desired outcome (target to shoot for) and bottom line for each issue? How will you open? Answer why for each question.	Notes What is the zone of possible agreement (ZOPA) for each issue? How important or valuable is this issue and are there any dependent issues? Any Other points?