

CASE SUMMARIES

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Below is an interesting case involving Collective Bargaining Agreements (Teachers Union in DuPage County) and their retired Health Insurance Benefits given to retired teachers under prior contracts by the School Board. The School Board attempted to take away benefits from the retired teachers from earlier negotiated contracts. The outcome was favorable to the retired teachers.

No. 2-09-0103 [Haake v. The Board of Education for Township High School Glebard District](#) Filed 3-15-10 (RJC)

ISSUE: This case presents the question of whether a school board can decrease the health insurance benefits provided to retirees under certain collective bargaining agreements, after the expiration of those agreements.

ANSWER: No

FACTS: The plaintiffs were a group of 107 retired teachers formerly employed by the defendant, Board of Education for the Glenbard Township High School District 87. All of the plaintiffs retired between the spring of 1994 and June 2007. Throughout the plaintiffs' employment, their terms of employment were governed by various collective bargaining agreements (contracts) reached between the defendants and the teachers' union, the Glenbard Education Association (GEA). The relevant contracts were in effect between 1991 to 1995, 1995 to 1998 and 1998 to 2001 and 2001 to 2005. The contract dealt with provisions dealing with Early Retirement Plans and the Board agreeing to pay 100% the full cost of health insurance for individuals (prior to age 65), as well as 50% of the costs of a retiree's family plan. The contract in 2001 differed in a few minor ways but provided the same level of benefits.

In June 2005, a new contract became effective and certain provisions of the early retirement sections were modified. The section of the contract which contained provisions to the retirees' health insurance benefits, was substantially changed. It now provided that the defendant would pay for retirees' benefits until they became eligible for Medicare, at the same level for *active* teachers still employed by the defendants, rather than at the level as when the retired teachers was last teaching. Over the next few years, the defendant required the active teachers to a percentage of the cost of the health insurance from 7% in 2005-06 to 10% in 2006-07 to 11% in 2007-08, and 1% additional

per year through the 2011-12, when the teachers would be required to pay 15% of the cost. In April of 2007, the defendant sent out letters to all retirees, stating that beginning in July 2007, all retirees would be required to contribute towards the premium costs of their single health insurance plans at the same rate as active teachers.

The initial Three Count complaint was filed on behalf of the plaintiff alleging Breach of Contract, Promissory Estoppel, and Equitable Estoppel. Motions to dismiss were filed by the Defendants. Both parties filed motions for summary judgments. The trial court granted the plaintiffs' motion and denied the defendant's motion. Judgment was entered in favor of the plaintiff and the defendant appealed.

ANALYSIS: On appeal, the defendant raised several arguments. First, it said the trial court erred in denying its motion to dismiss, because the plaintiffs lack standing to sue to enforce the earlier contracts. Second, it said that the plaintiffs had no vested rights to the retiree health insurance benefits in the earlier contracts, and those benefits expired when the contracts granting the benefits expired. Defendants also argued that if the benefits had vested, they were modified by the 2005 and 2007 contracts.

The Appellate Court first held (under federal law) that retirees have standing to sue for benefits granted under previous collective bargaining agreements (citing a U.S. Supreme Court case from 1971). The Supreme Court stated that although unions are not required to bargain on behalf of retirees, they are not without protection, because under established contract principles, vested retirement rights may not be altered without the retirees consent. As to the defendant's second argument, the Appellate court held that applying the principles of contract construction, they found that the language of the earlier contracts clearly expressed the intent that the duration of the retiree health insurance benefits was to extend beyond the expiration of the contracts (i.e. *to age 65 and to the time when the retiree is eligible for Medicare.*)

CONCLUSION: The court went on to say that the plaintiffs performed their obligations under the contracts and the defendant had the benefit of that performance. The defendant cannot disavow its own obligation under those contracts. The judgment of the Circuit Court of DuPage County is affirmed.