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Monadnock Regional School District v. Monadnock District Education Association, NEA-NH

Supreme Court of New Hampshire - July 8, 2020 - A.3d - 2020 WL 3815884

Public school district brought action against labor union, seeking declaratory judgment that arbitration award, transferring pool of excess funds set aside by district for employees' healthcare coverage to union, was unlawful.

The Superior Court granted district's motion for summary judgment, and denied union's motion for partial summary judgment. Union appealed.

The Supreme Court held that:

- Unspent funds in pool set aside by district to cover costs of employees' healthcare coverage were encumbered by legally enforceable obligation pursuant to collective bargaining agreement (CBA);
- Since arbitration between district and union was not binding, *de novo* standard of review applied to arbitrator's decision;
- Obligation under CBA attached to funds in fiscal year in which they were appropriated, and thus funds did not lapse under statute governing lapse of municipal appropriations; and
- Provision in CBA allowing union to distribute unspent pool funds did not require explicit approval by district's legislative body.

Unspent funds in pool set aside by public school district for costs of health care coverage for employees that were members of labor union were encumbered by legally enforceable obligation for their expenditure, based on terms of collective bargaining agreement (CBA), and statute governing lapse of municipal appropriations, for purposes of determining whether funds had lapsed under statute; CBA section describing pool funds used mandatory language and created obligation to distribute funds in pool to union members, but gave union some discretion in implementing those distributions.

De *novo*, rather than *deferential*, standard of review applied to review of arbitrator's decision when challenged by public school district, on district's claim for declaratory judgment that arbitrator's decision, holding that unspent funds set aside by district for employees' healthcare had not lapsed, so labor union was entitled to distribute funds to employees pursuant to terms of collective bargaining agreement (CBA), was incorrect; general rule of *deference* to arbitral interpretations of CBAs did not apply, since terms of CBA explicitly indicated that the decision of the arbitrator would not have been binding on either party, and would have been *advisory* unless parties had mutually agreed otherwise.

Obligation under collective bargaining agreement (CBA), requiring distribution of pool of unspent funds set aside by public school district for payment of union members health care coverage costs to union member employees, attached to funds in pool before end of fiscal year in which they were appropriated, and thus funds did not lapse under statute governing lapse of municipal

appropriations; unexpended funds were to have been placed in pool once district satisfied yearly contribution to premiums and buyout payments, as required by CBA, and thus district's required obligation arose each year no later than moment it satisfied yearly contributions.

That funds in pool set aside by public school district to pay costs of employees' healthcare coverage pursuant to collective bargaining agreement (CBA) were not expended within fiscal year in which they were set aside did not cause such funds to lapse under statute governing lapse of municipal appropriations; while statute required that obligations for expenditures have arisen before end of fiscal year in which funds were appropriated, statute placed no requirements on time at which required expenditure must have occurred.

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