

WASHINGTON ELEMENTARY SCHOOL DISTRICT No. 6

TO: Governing Board X Action
X Discussion
FROM: Dr. Susan J. Cook, Superintendent Information
1st Reading

DATE: May 2, 2007

AGENDA ITEM: Interest-Based Negotiations Recommendations for 2007-2008

INITIATED BY: IBN Team SUBMITTED BY: IBN Leadership Team (Leonard Sweeney, David Velazquez, Patrick Burkhardt, Shannon Bonnette, Jessica Martinez, Anita Hotchkiss, and Susie Cook)

GOVERNING BOARD POLICY REFERENCE OR STATUTORY CITATION: BBA

SUPPORTING DATA

Funding Source: Various Sources
 Budgeted: Yes

On January 24, 2007, the Governing Board approved a reconstructed Interest-Based Negotiations Process that included a protocol of three groups: large group, small groups, and a leadership team. Membership was defined to include representatives of certified, classified, and administrative employees. The IBN Team met on February 20, March 13, March 29, and April 23 as planned.

The IBN Team utilized interest-based strategies, including consensus-building and trust-building techniques, in order to come to agreements about recommendations regarding compensation. The IBN Team unanimously supports the recommendations that resulted from their work involving a market study, labor study, review of anomalies, review of hard-to-fill positions, consideration of schools with achievement challenges, increase in paid days for classified employees, and potential supplemental compensation.

Attached is a summary of the process and recommendations, including supporting documentation:

- Projected New Revenue/Expenses
- Analysis of Total Cost of Salary Package
- PowerPoint presentation

SUMMARY AND RECOMMENDATION

It is recommended the Governing Board approve the following:

Superintendent _____

Board Action	Motion	Second	Aye	Nay	Abstain
Adams					
Kraft					
Lambert					
Maza					
McGee					

Agenda Item _____

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1. It is recommended the Governing Board approve salary compensation Option 3, including a \$450 market adjustment (\$0.22/hour for classified employees) and a 1.25% compression percentage and the implementation of the compression relief system at a projected cost of \$2,920,509, which is ongoing compensation, to the maintenance and operations (M&O) budget for the 2007-2008 school year.
2. It is recommended the Governing Board approve that all 12-month classified employees be eligible for 261 paid work days (from 260 paid work days) for the 2007-2008 school year due to the upcoming leap year at a projected cost of \$48,140 to the maintenance and operations (M&O) budget for the 2007-2008 school year as a one-year event.
3. It is recommended the Governing Board approve one additional holiday for all employees who currently receive four paid holidays during the winter break at a projected cost of \$44,908, which is an ongoing cost, to the maintenance and operations (M&O) budget for the 2007-2008 school year.
4. It is recommended the Governing Board approve the implementation of a three-tiered salary system for Assistant Principals, similar to the current principals' salary system, at a projected cost of \$28,288 to the maintenance and operations (M&O) budget for the 2007-2008 school year. Assistant principals with one to three years of assistant principal experience will earn \$62,000; four to seven will earn \$67,000; and eight or more years will earn \$72,000 for the 2007-2008 school year. [It was further recommended that Principals receive the market adjustment only.]
5. It is recommended the Governing Board approve that all Maintenance Supervisors and Trades Specialists (e.g. electricians, HVAC, plumbers, structural, grounds, welders, locksmith, painters, etc.) receive a \$1.00 per hour increase to their hourly rate at a projected cost of \$61,237 to the maintenance and operations (M&O) budget for the 2007-2008 school year. These employees will not be eligible for other increases.
6. It is recommended the Governing Board approve that all Materials Technicians and Materials Supervisor receive a \$1.00 per hour increase to their hourly rate at a projected cost of \$23,291 to the maintenance and operations (M&O) budget for the 2007-2008 school year. These employees will not be eligible for other increases.
7. It is recommended the Governing Board approve the implementation of a salary system that provides educational growth opportunities for Social Workers. All current Social Workers who possess a Master's degree in their field will receive a \$2,000 lane movement at a projected cost of \$4,130 to the maintenance and operations (M&O) budget for the 2007-2008 school year. Social Workers who were hired on or before January 8, 2007 will also receive the market adjustment and compression percentage. Social Workers hired after January 8, 2007 will also receive the market adjustment.
8. It is recommended the Governing Board approve that all Occupational and Physical Therapists receive a \$2,500 market adjustment at a projected cost of \$51,574 to the maintenance and operations (M&O) budget for the 2007-2008 school year. These employees will not be eligible for other increases.
9. It is recommended the Governing Board approve that all Instructional and Special Needs Assistants will receive an additional \$0.10 per hour at a projected cost of \$30,006, which is ongoing compensation, to the maintenance and operations (M&O) budget for the 2007-2008 school year. These employees will receive other applicable salary increases.

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10. It is recommended the Governing Board approve that all Social Workers who possess a Licensed Clinical Social Worker (LCSW) certificate receive a \$2,500 annual stipend at a projected cost of \$5,130 to the maintenance and operations (M&O) budget for the 2007-2008 school year.
11. It is recommended the Governing Board approve that all Program Coaches receive a one-time \$1,000 stipend for extra work required during the 2007-2008 summer at a projected cost of \$12,095 to the maintenance and operations (M&O) budget for the 2007-2008 school year.
12. It is recommended the Governing Board approve that all appropriately certified and highly qualified Special Education, 7th and 8th grade Mathematics, and 7th and 8th grade Science Teachers receive a one-time \$1,000 stipend to meet the demands of the labor market at a projected cost of \$300,888 to the maintenance and operations (M&O) budget for the 2007-2008 school year.
13. It is recommended the Governing Board approve that all employees occupying certified teacher positions at schools with achievement challenges, defined as schools facing federal or state consequences in the 2007-2008 school year, receive an hourly rate, as determined by the approved rate of Grade 21 on the non-exempt salary structure, to instruct after-school and Saturday classes. The current starting rate at Grade 21 is \$20.04 per hour pending the approved market adjustment for next school year. It is proposed that the District will use one-time monies for one year to implement this recommendation at a projected cost of \$120,000.
14. It is recommended the Governing Board approve that Policy GCCA be brought to the Governing Board for review and possible revision on May 24, 2007 to include changing the date of declaring resignation and/or retirement in order to receive the leave buyout in the current fiscal year from April 15 to March 1 at no additional cost.
15. It is recommended the Governing Board approve a discretionary amount of \$50,000 for the Superintendent to address anomalies that may be identified after the IBN process.
16. It is recommended the Governing Board approve any additional targeted funds, which may result from Legislative actions, be distributed using the same proportion as the recommended market adjustment and compression percentage.

Interest-Based Negotiations Recommendations for 2007-2008

I. Identifying the issue, problem, or concern from the perspective of involved stakeholders.

Each school year, the Interest-Based Negotiations (IBN) Team analyzes the District's compensation programs and makes a recommendation to the Governing Board. The recommendation should meet the best interests of the school district, including, but not limited to, meeting market demands, attracting and retaining highly qualified personnel, and increasing higher work performance, all for the purpose of maximizing student achievement.

This school year, the IBN Team focused on relieving pay compression, addressing the competitive market and anomalies, dealing with the labor market and hard-to-fill positions, and determining salary increases for employees.

II. Identifying the options or alternatives that address the issue, problem, or concern, (including an option to maintain the status quo), utilizing the efficient and sufficient use of research and data.

The IBN Team developed and analyzed sixteen (16) salary options, reviewed and made recommendations regarding fifteen (15) anomaly employee groups, and reviewed and developed stipend options for hard-to-fill positions. In addition, the IBN Team reviewed its interests and the interests of the Governing Board and developed recommendations that aligned with those interests.

Subsequently, the IBN Team focused on a salary option that relieves pay compression. Pay compression occurs when there is only a small difference in pay between employees regardless of their skills, experience, or seniority. The IBN Team identified various employees who are paid below others who occupy similar positions at the same grade level and with the same number of service years within the District. There are some cases in which little disparity exists between salaries of those who have more service years than those with less service years within the District. In other cases, there is a great disparity.

The IBN Team is recommending a compensation package that includes relieving compression. Specifically, the IBN Team identified a compression relief system that ensures that employees will earn no less than a determined salary based on their seniority date. Beginning with the current starting rate, a determined distribution rate will be added to the starting rate to determine a second year minimum. An employee, in his/her second year of service, will earn no less than the second year minimum. Employees, in their second year, will be placed at that second year minimum if they currently earn less than the second year minimum. The distribution rate will then be added to the second year minimum to determine the third year minimum. This process continues until the thirtieth (30th) year minimum rate is determined with exception to salary systems that allow for an opportunity for lane movement due to educational growth.

In the teacher salary structure, this process continues until: Lane 1 through the sixth (6th) year; Lane 2 - 12th year; Lane 3 - 18th year; Lane 4 - 24th year; and Lane 5 - 30th year. Additionally, another distribution rate will be added when determining every fifth (5th) year minimum (5th, 10th, 15th, 20th, 25th, and 30th). In the speech pathologist salary structure, this process continues until: Lane 1 through the twelfth (12th) year; Lane 2 – 18th year; Lane 3 – 24th year; and Lane 4 – 30th year.

The IBN Team reviewed and identified positions for which pay is not competitive with the market. These positions, defined as anomalies, will receive additional compensation to remain competitive with the market and to retain and attract employees in those positions.

The IBN Team identified hard-to-fill positions that have remained unfilled for multiple years because of a shortage in the labor market and/or the pay has not been competitive. Furthermore, the IBN Team focused on hard-to-fill positions that are a function of the No Child Left Behind Act and/or are legally mandated requirements, resulting from the IDEA Act (special education). The identified positions will receive a stipend for the 2007-2008 school year.

Furthermore, the IBN Team is recommending that the District budgets and pays for the extra work day to twelve month employees (405.1938 FTE), which is a result of a leap year in 2008. In addition, the IBN Team is recommending an extra paid holiday to ensure that all employees (871.8553 FTE) receive no less than five paid holidays during winter break.

Also, the IBN Team reviewed extra work, outside the regular work day and/or work calendar, which will be required by certain positions next school year. In particular, certified teachers working at a school(s) with achievement challenges, defined as schools that may face federal or state consequences in the coming school year, will receive an hourly rate for supplemental instructional work such as after-school and/or Saturday school. The IBN Team is recommending that the District budgets to pay the identified positions for the extra work, using one-time or carry forward monies from the 2006-2007 school year.

The IBN Team reviewed Policy GCCA and identified the benefits associated with moving the declaration of pending retirements to March 1. This policy revision will assist with budget preparation and with recruitment and hiring.

The IBN Team considered the concept of allocating dollars for the Superintendent to apply to anomalies that arise outside of the IBN process. For example, the translators may have a need that requires attention.

III. Identifying the advantages and disadvantages of each option, accounting for the effect on student achievement.

The IBN Team systematically and consistently weighed their options against their interests and the Governing Board’s interests when determining the compensation recommendation. The compression relief system is designed to relieve compression throughout all areas within each salary structure. Just as important, the relief system should retain employees who may get credit for their years of service at other school districts, resulting in a higher salary placement upon hire. Ultimately, the relief system should improve employee morale within the District by making an effort to reduce compression, which has the effect of distributing salaries more equitably. Although the IBN Team made an effort to reduce compression, it is the Team’s belief that there is an ongoing need and opportunity to continue to address compression in the next few years. The advantages and disadvantages of relieving compression are identified as follow:

Compression Relief Model

Advantages	Disadvantages
1. More equitably distributes salaries in all employee groups	1. The recommendation does not fully address our salary compression issues; it is an initial effort that is the beginning of a multi-year plan to address compression
2. Improves morale	
3. Values employees who choose to stay with us	
4. Meets Governing Board’s interests	
5. Meets IBN Team’s interests	
6. Applies to both certified and classified employees	

The IBN Team uses the anomaly process to address market competitiveness. For the most part, anomalies have been positions that are paid below the market, which creates hard-to-fill positions. Addressing these anomalies on an annual basis improves attracting employees to fill these vacant positions as well as retaining current employees who may pursue other opportunities. The IBN Team has recommended that anomalies be reviewed on a systematic, annual rotation. The advantages and disadvantages of addressing anomalies are identified as follow:

Anomalies

Advantages	Disadvantages
1. Allows employee groups to remain competitive with their respective market groups, thereby assisting with retaining employees	1. Anomalies would best be addressed on a systematic, annual rotation
2. Assists with recruiting employees	
3. Meets Governing Board's interests	
4. Meets IBN Team's interests	
5. Values classified employees	

With No Child Left Behind and other legally mandated requirements, it has become evident that certain certified teacher positions are and will be difficult to fill. The hard-to-fill stipends will be distributed to current and newly hired employees who occupy the identified hard-to-fill positions. Similarly, most school districts seem to address the difficult to fill positions with stipends or addendums. The expectation of this stipend is to attract new employees, attract current employees who may qualify for the hard-to-fill positions, and to retain those employees who may have an opportunity to earn a greater salary elsewhere. Next year, the District will review the success of the hard-to-fill stipend as well as research other methods to address filling these positions. The advantages and disadvantages are identified as follow:

Hard-to-Fill Positions

Advantages	Disadvantages
1. Assists with attracting and retaining employees in hard-to-fill positions	1. The amount of the stipend requires evaluation to determine if it is sufficient to attract and retain employees
2. Assists with remaining competitive with surrounding districts that provide stipends	2. Can create morale issues among employee groups
3. Meets Governing Board's interests	
4. Meets IBN Team's interests	
5. Assists with meeting federal and legal requirements	
6. Could result in a cost savings in special education if there is less reliance on contracting with external agencies for special education personnel	

IV. Preparing a cost-benefit analysis/cost assessment of each option.

When determining the compensation recommendations, the IBN Team ensured that the dollars applied were maximized to address current issues as well as providing for salary increases to employees. Below is the maintenance and operations (M&O) cost breakdown for each of the three options. The attached spread sheet identifies all of the funding sources that will be utilized for the compensation package. It is evident that the IBN Team maximized the application of dollars by applying the majority to employees to relieve compression and to provide salary increases to employees. The remaining dollars are applied to address the other issues, such as anomalies, hard-to-fill positions, etc.

Regardless of the option, the remaining recommendations are the same. The variable is the amount of money allocated for compression relief. Option 1 is currently affordable, but does not compensate employees as sufficiently. Options 2 and 3 include the prospect of the Legislature providing ASRS funding. However, both options provide for more sufficient compensation. Currently, it is anticipated that districts will receive funding that covers a portion of the 0.5% ASRS increase.

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Compression Relief	\$2,571,179	\$2,790,211	\$2,920,509
Anomalies	\$170,238	\$170,238	\$170,238
Stipends	\$318,146	\$318,146	\$318,146
Extra Paid Days	\$93,048	\$93,048	\$93,048
Assistant Principals	\$28,288	\$28,288	\$28,288
Superintendent's Discretionary	\$50,000	\$50,000	\$50,000
Total Cost	\$3,230,899	\$3,449,931	\$3,580,229

V. Seeking stakeholder feedback when relevant and/or necessary.

The IBN Team made great strides to improve communication with its constituents. The IBN Team, with the assistance of Management Information Systems (MIS) Department, developed an interactive webpage for all employees to access. Employees could visit the IBN webpage to access all communiqués, to identify and ask questions to their specific representatives, and to read messages and updates from their specific representatives. In addition, the IBN Team sent emails and communiqués to all employees.

Additionally, the reconstructed IBN process was successful according to feedback from the participants. The IBN Team has maintained full membership throughout the school year. These members have communicated to their constituents on an individual basis. Whereas in the past, members were not often attending IBN sessions near the end of the process and not routinely communicating with their constituents. The IBN Team will continue to increase communication to all employees.

- VI. Use conclusion(s) to develop a rationale and prepare recommendation(s) to present to the Governing Board for action.**
- a. Evidence of alignment with Strategic Plan**
 - b. Include any further Board decisions that may be required**
 - c. If a person or stakeholder group desires, they may prepare and submit a written minority report directly to the Governing Board for review and consideration**

The following recommendations are proposed by the Interest-Based Negotiations Team for the 2007-2008 school year, including the rationale and cost for each.

Recommendation: Compression Relief (two parts)

1. Compression Relief System

The IBN Team recommends a compensation package that includes relieving compression. Specifically, the IBN Team recommends a compression relief system that ensures employees will earn no less than a determined salary based on their seniority date. Beginning with the current starting rate, a distribution rate will be added to the starting rate for a second year minimum. The distribution rate will be applied at the rate of \$400 for certified teacher and professional salary structures and \$0.05/hour for the classified salary structure. An employee, in their second year, will earn no less than the second year minimum. Employees, in their second year, will be placed at that second year minimum if they currently earn less than the second year minimum. The distribution rate will then be added to the second year minimum to determine the third year minimum. This process continues until the thirtieth (30th) year minimum rate is determined with exception to salary systems that allows for an opportunity for lane movement due to educational growth.

With the teacher salary structure, this process continues until: Lane 1 until the sixth (6th) year; Lane 2 - 12th year; Lane 3 - 18th year; Lane 4 - 24th year; and Lane 5 - 30th year. Additionally, another distribution rate will be added when determining every fifth (5th) year minimum (5th, 10th, 15th, 20th, 25th, and 30th). With the speech pathologist salary structure, this process continues until: Lane 1 until the twelfth (12th) year; Lane 2 – 18th year; Lane 3 – 24th year; and Lane 4 – 30th year. The distribution rate for every 5th year will be \$250.

2. Market Adjustment and Compression Percentage

The IBN Team recommends that all eligible employees receive a market adjustment that will be applied to their base salaries (or hourly rates) as well as the starting and ending rates on applicable salary structures. In addition, all eligible employees will receive a compression percentage to assist with the relieving of compression. The compression percentage will not be applied to the starting and ending rates on salary structures.

- Option 1: \$400 market adjustment (\$0.19/hour for classified employees) and 1.00% compression percentage; or
- Option 2: \$400 market adjustment (\$0.19/hour for classified employees) and 1.25% compression percentage; or
- Option 3: \$450 market adjustment (\$0.22/hour for classified employees) and 1.25% compression percentage.

The IBN Team recommends Option 3, including a \$450 market adjustment (\$0.22/hour for classified employees) and a 1.25% compression percentage and the implementation of the compression relief system at a projected cost of \$2,920,509 to the maintenance and operations (M&O) budget.

Recommendation: Increase Paid Days

The IBN Team recommends that the 12-month classified employee be eligible for 261 paid work days (from 260 paid work days) for the 2007-2008 school year due to the upcoming leap year at a projected cost of \$48,140 to the maintenance and operations (M&O) budget.

The IBN Team recommends that all employees receive at least five (5) paid holidays during the winter break at a projected cost of \$44,908 to the maintenance and operations (M&O) budget. As a result, classified employees who currently receive four (4) paid holidays during the winter break will earn an extra paid holiday.

Recommendation: Assistant Principals

The IBN Team recommends the implementation of a three-tiered salary structure, similar to the current principals' salary structure, at a projected cost of \$28,288 to the maintenance and operations (M&O) budget. Assistant principals with one to three years of assistant principal experience will earn \$62,000; four to seven will earn \$67,000; and eight or more years will earn \$72,000 for the 2007-2008 school year.

Recommendation: Anomalies

The IBN Team recommends that the Maintenance Supervisors and Trades Specialist (e.g. electricians, HVAC, plumbers, structural, grounds, welders, locksmith, painters, etc.) receive a \$1.00 per hour increase to their hourly rate at a projected cost of \$61,237 to the

maintenance and operations (M&O) budget. These employees will not be eligible for other increases.

The IBN Team recommends that the Materials Technicians and Materials Supervisor receive a \$1.00 per hour increase to their hourly rate at a projected cost of \$23,291 to the maintenance and operations (M&O) budget. These employees will not be eligible for other increases.

The IBN Team recommends the implementation of a structure that provides educational growth opportunities for Social Workers. All current Social Workers who possess a Master's degree in their field will receive a \$2,000 lane movement at a projected cost of \$4,130 to the maintenance and operations (M&O) budget. All eligible Social Workers will also receive other applicable salary increases.

The IBN Team recommends that all Occupational and Physical Therapists receive a \$2,500 market adjustment at a projected cost of \$51,574 to the maintenance and operations (M&O) budget. These employees will not be eligible for other increases.

The IBN Team recommends that all Instructional and Special Needs Assistants receive all applicable increases. All eligible Instructional and Special Needs Assistants will receive an additional \$0.10 per hour at a projected cost of \$30,006 to the maintenance and operations (M&O) budget.

Recommendation: Stipends

The IBN Team recommends that all Social Workers who possess a Licensed Clinical Social Worker (LCSW) certificate receive a \$2,500 annual stipend at a projected cost of \$5,130 to the maintenance and operations (M&O) budget.

The IBN Team recommends that all Program Coaches receive a \$1,000 stipend for extra work required during the summer at a projected cost of \$12,095 to the maintenance and operations (M&O) budget.

The IBN Team recommends that all Special Education, 7th and 8th grade Mathematics, and 7th and 8th grade Science Teachers receive a \$1,000 stipend to meet the demands of the labor market at a projected cost of \$300,888 to the maintenance and operations (M&O) budget.

The IBN Team recommends that all employees occupying certified teacher positions at schools with achievement challenges, defined as schools facing federal or state consequences in the coming school year, receive an hourly rate, as determined by the starting rate of Grade 21 on the non-exempt salary structure, to instruct after-school and Saturday classes. The current starting rate at Grade 21 is \$20.04 per hour pending the approved market adjustment for next school year. It is proposed that the District will use one-time monies to implement this recommendation.

Recommendation: Deadline to Declare for Resignation or Retirement

The IBN Team recommends that Policy GCCA be reviewed and revised to move the date of declaring resignation and/or retirement in order to receive the leave buyout in the current fiscal year from April 15 to March 1. Failure to do so will result in the leave buyout being reduced by one-half of the calculated amount and delayed into the next fiscal year. Employees may appeal to the superintendent if they feel there were extenuating circumstances that prevented them from declaring by March 1. This recommendation has no associated costs.

Recommendation: Superintendent's Discretionary Funds

The IBN Team recommends a discretionary amount of \$50,000 for the Superintendent to address anomalies that may be identified after the IBN process.

Recommendation: Supplemental Compensation

The IBN Team recommends that additional targeted funds, which may result from Legislative actions, be distributed using the same proportion as the recommended market adjustment and compression percentage.

Agenda for Next School Year

Next school year, the IBN Team will begin earlier in the year, will continue to focus on relieving pay compression and addressing the competitive market, will review the labor market, and determine increases for employees. In addition, the IBN Team will focus on developing performance pay indicators, performing a comprehensive review of the market, and developing a rotation schedule to review anomalies and salary structures.