

TO: Governing Board X Action

FROM: Dr. Susan J. Cook, Superintendent X Discussion

DATE: April 24, 2014  Information

AGENDA ITEM: Interest-Based Negotiations (IBN) Team’s Recommendations for 2014-2015  1st Reading

INITIATED BY: Interest-Based Negotiations Team SUBMITTED BY: Dr. Susan J. Cook, Superintendent, and IBN Team Members

PRESENTER AT GOVERNING BOARD MEETING: Sue Snyder, Director of Organizational Development

GOVERNING BOARD POLICY REFERENCE OR STATUTORY CITATION: BBA

**SUPPORTING DATA**

Funding Source: Various  
 Budgeted: In Process

The mission of the Interest-Based Negotiations (IBN) Team is to provide a collaborative forum for addressing District-wide terms and conditions of employment. The group is composed of certified, classified and administrator employee representatives; additionally, Superintendent Dr. Susie Cook serves as representative for the Governing Board. IBN members utilize interest-based strategies, including consensus-building and trust-building techniques, to reach agreement regarding compensation and working condition recommendations.

Each of the issues addressed by the 2013-2014 IBN Team was considered in light of the following Governing Board interests, the first of which is the Board’s greatest priority for IBN:

- Provide an increase in salaries, if possible, for all employee groups.
- Attract and maintain a stable workforce through working conditions.
- Maintain local control in decision making.
- Promote positive community relations through the budget process.
- Maintain, and possibly enhance, the integrity of programming, instructional delivery and parity, focusing on student growth.
- Balance the budget.
- Optimize all funding sources.
- If additional funding is made available from state and/or federal sources, restoration of previous cuts will be considered.
- Maintain or decrease class size.

**SUMMARY AND RECOMMENDATION**

See pages 2-3.

Superintendent \_\_\_\_\_

Board Action	Motion	Second	Aye	Nay	Abstain
Adams					
Graziano					
Jahneke					
Lambert					
Maza					

## Interest-Based Negotiations (IBN) Team's Recommendations for 2014-2015

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- Encourage and promote safety for staff and students.

The following are among the issues that the IBN Team addressed this year:

- Employee compensation issues
  - Employee ongoing salary increase (*see Governing Board recommendation*)
  - Distribution of one-time monies to employees (*see Governing Board recommendation*)
  - After-school athletic coaching stipend increase (*see Governing Board recommendation*)
- Revisions to general leave parameters
- Employee phased retirement program (*recommendation presented to and approved by the Governing Board on January 9, 2014*)
- IBN working conditions survey and related concerns
- Special education costs and anomaly
- Materials Management Center (MMC) anomaly
- Stipends
- Employee phased retirement program – future direction

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### **SUMMARY AND RECOMMENDATION**

Pending further legislative actions, it is recommended that the Governing Board approve the following:

1. It is recommended that a one percent ongoing salary increase be granted to all employees with a start date of 2/1/2014 or earlier, effective with the 2014-2015 school year, with the increased salary not to exceed the end range of the applicable salary schedule. If an employee is currently within one percent of the end range, it is recommended that that employee be granted the percentage increase that brings the employee to, but does not exceed, the end range. The cost of this recommendation is approximately \$1 million for the 2014-2015 fiscal year.
2. It is recommended that one-time monies be distributed as indicated below, to be paid in full to eligible employees in their August 22, 2014 paycheck and based on the employee's FTE as of February 18, 2014. The total cost for one-time monies is approximately \$1.2 million:
  - Distribute a one-time, lump sum payment of \$188.00 to each 1.0 FTE employee hired between 7/1/2013 and 2/1/2014, and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$272.00 to each 1.0 FTE employee hired during the 2012-2013 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$356.00 to each 1.0 FTE employee hired during the 2011-2012 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$440.00 to each 1.0 FTE employee hired during the 2010-2011 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$524.00 to each 1.0 FTE employee hired during the 2009-2010 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$608.00 to each 1.0 FTE employee hired prior to the 2009-2010 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.

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3. It is recommended that the stipend for K-6 after-school athletic coaches be increased from \$648.75 to \$865.00 effective with the 2014-2015 school year. It is further recommended that the stipend for 7-8 after-school athletic coaches be increased from \$972.75 to \$1,297.00 effective with the 2014-2015 school year. It is further recommended that the stipend for 7-8 after-school athletic coaches at K-8 schools be increased from \$648.75 to \$1,297.00 effective with the 2014-2015 school year. The total cost of this recommendation is \$94,000.00.

## Interest-Based Negotiations Recommendations for 2014-2015

### **I. Identify the issue from the perspective of involved stakeholders.**

#### **Issue:**

Each school year, the Interest-Based Negotiations (IBN) Team analyzes the District's employee compensation programs and makes recommendations to the Governing Board for the subsequent year. The recommendations should meet the best interests of the District, with student growth the ultimate goal.

#### **Involved Stakeholders:**

The 2013-2014 IBN Team is composed of certified, classified and administrator employee representatives; Superintendent Dr. Susie Cook serves as representative for the Governing Board. Of the 24-member team, 17 are voting members, and the remaining 7 are non-voting, resource persons. Please refer to *Attachment A* for a list of 2013-2014 IBN members.

After two days of training during December 2013, IBN Team members participated in four scheduled, full-day meetings between January 10, 2014 and April 18, 2014 (*Attachment B*). Members of IBN's subcommittees met on several other occasions during late afternoon/early evening hours.

### **II. Identify the options or alternatives that address the issue, including an option to maintain the status quo, utilizing the efficient and sufficient use of research and data. For each option, identify advantages and disadvantages.**

#### **Research/Data:**

Research conducted by the IBN Team included the following:

- Analyzing results of a District-wide employee working conditions survey
- Tracking federal and state legislative actions that have potential impact on WESD budget
- Receiving WESD financial status and ADM updates from Director of Business Services Cathy Thompson
- Reviewing relevant information from neighboring districts

#### **Options – 2014-2015 SCHOOL YEAR**

The *issues* that were addressed by the 2013-2014 IBN Team, as well as the related *options* that team members generated, the *interests/criteria* according to which they evaluated each option and their ensuing IBN *recommendations* are described below. The recommendations are pending further legislative actions.

#### **ISSUE A: EMPLOYEE COMPENSATION**

##### **• Description**

Based on the fiscal year 2014-2015 budget approved by the Arizona Legislature and signed by Governor Brewer on April 11, 2014, Director of Business Services Cathy Thompson estimates that

\$2.2 million is available to apply toward WESD employee compensation for the 2014-2015 school year. District Governing Board members have identified a salary increase for all employees as their priority interest for IBN this year.

- **Options**

IBN's Salary Subcommittee brainstormed the following compensation-related options:

- Provide a given percentage increase for all employees.
- Apply a tiered percentage system increase based on an employee's length of consecutive employment with WESD.
- Provide a given dollar increase for all employees.
- Apply a tiered dollar system increase based on an employee's length of consecutive employment with WESD.
- Apply a given percentage increase and a given dollar increase for all employees.

Salary Subcommittee members developed the following compensation straw design and presented it to the full IBN Team for consideration:

- **Part I:** For employees with a start date of 2/1/2014 or earlier, grant a one percent ongoing salary increase, effective with the 2014-2015 school year, with the increased salary not to exceed the end range of the applicable salary schedule. If an employee is currently within one percent of the end range, that employee is to be granted whatever percentage brings the employee to, but does not exceed, the end range. The cost of this compensation component is approximately \$1 million for the 2014-2015 fiscal year.
- **Part II:** Distribute a one-time, lump sum payment to employees according to a tiered payment matrix that is based on length of consecutive employment with WESD. Employees with a start date of 2/1/2014 or earlier are eligible to receive the one-time, lump sum payment, including those whose salary is at or beyond the current ending salary of the applicable salary schedule.
  - Distribute a one-time, lump sum payment of \$188.00 to each 1.0 FTE employee hired between 7/1/2013 and 2/1/2014, and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE as of 2/18/2014.
  - Distribute a one-time, lump sum payment of \$272.00 to each 1.0 FTE employee hired during the 2012-2013 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE as of 2/18/2014.
  - Distribute a one-time, lump sum payment of \$356.00 to each 1.0 FTE employee hired during the 2011-2012 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE as of 2/18/2014.
  - Distribute a one-time, lump sum payment of \$440.00 to each 1.0 FTE employee hired during the 2010-2011 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE 2/18/2014.
  - Distribute a one-time, lump sum payment of \$524.00 to each 1.0 FTE employee hired during the 2009-2010 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE as of 2/18/2014.

- Distribute a one-time, lump sum payment of \$608.00 to each 1.0 FTE employee hired prior to the 2009-2010 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE as of 2/18/2014.

The cost of this compensation component is approximately \$1.2 million.

IBN members achieved full consensus on the proposed straw design.

- **Evaluating Options**

The compensation straw design meets the following interests/criteria:

- Salary increase for all employees
- Addressing compression when feasible
- Promoting retention and recruitment
- Maintaining morale, and promoting productivity and loyalty
- Sustainability
- Supporting equity and promoting teamwork
- Fiscal responsibility
- Market competitiveness
- Supporting quality of life/standard of living

- **Recommendation**

IBN is recommending that a one percent ongoing salary increase be granted to all employees with a start date of 2/1/2014 or earlier, effective with the 2014-2015 school year, with the increased salary not to exceed the end range of the applicable salary schedule. If an employee is currently within one percent of the end range, it is recommended that that employee be granted the percentage increase that brings the employee to, but does not exceed, the end range. The cost of this compensation component is approximately \$1 million for the 2014-2015 fiscal year. IBN is further recommending that one-time monies be distributed according to the parameters outlined in the straw design described above, to be paid in full to eligible employees in their August 22, 2014 paycheck and based on the employee's FTE as of February 18, 2014. The total cost for one-time monies is approximately \$1.2 million.

## **ISSUE B: AFTER-SCHOOL ATHLETIC STIPENDS**

- **Description**

A stipend is a fixed sum of money that is paid to an employee, either as an incentive or as compensation for taking on additional responsibilities outside of the employee's regular employment. Effective with the 2009-2010 school year, most stipends were reduced by 25 percent as a budget-saving measure, and they have remained at that reduced level ever since. The impact has been particularly detrimental to after-school athletic programs. Because of inadequate pay and in light of the job's considerable expectations and responsibilities, many extracurricular coaching positions have remained unfilled, while some have been filled with inexperienced persons from outside the District. Ultimately, many students have been deprived of a quality intramural program.

- **Options**

Compensation for after-school athletic coaches was initially addressed as part of a larger discussion regarding stipends in general. IBN members concluded, however, that coaching compensation is

actually an anomaly issue. The following straw design was proposed by IBN's Salary Subcommittee and approved by the full IBN Team:

- Increase the stipend for K-6 after-school athletic coaches to \$865.00.
- Increase the stipend for 7-8 after-school athletic coaches to \$1,297.00.
- Within K-8 schools, pay the 7-8 coaches at the \$1,297.00 level.

The total cost for this action, including benefits, is \$94,000.00.

- **Evaluating Options**

The straw design meets the following interests/criteria:

- Encourages that positions be filled with WESD personnel
- Honors the time that is required of coaches
- Provides the programs for students
- Supports competitive pay related to both external and internal programs
- Helps support student achievement
- Promotes a safe environment for students
- Promotes quality extracurricular programs

- **Recommendation**

IBN is recommending that the stipend for K-6 after-school athletic coaches be increased from \$648.75 to \$865.00 effective with the 2014-2015 school year. IBN is further recommending that the stipend for 7-8 after-school athletic coaches be increased from \$972.75 to \$1,297.00 effective with the 2014-2015 school year. IBN is further recommending that the stipend for 7-8 after-school athletic coaches at K-8 schools be increased from \$648.75 to \$1,297.00 effective with the 2014-2015 school year.

## **ISSUE C: PAID TIME OFF – GENERAL LEAVE**

- **Description**

According to WESD Policy GCCA/GDCA, Professional/Support Staff General Leave, “general leave can be used for personal illness, family illness, religious observance or personal issues that cannot be taken care of *during off-duty hours*. General leave is not intended to be used for vacation or to extend a holiday.” Employees have reported inconsistencies in supervisors’ interpretation and enforcement of this policy. The IBN Team sought a solution that would be equitable, flexible, sustainable and unambiguous, that would help diminish abuse and that would promote employee morale, retention and productivity.

- **Options**

After IBN members brainstormed options, the Working Conditions Subcommittee developed a straw design that includes the following components:

General leave days shall be used at the discretion of the employee except for the following:

- No more than five (5) consecutive days may be taken without documentation of extenuating circumstances, not to include vacation.
- The following criteria apply to general leave used for personal illness, family illness, religious observance or emergency situations that can be verified with documentation:
  - Employees shall provide their supervisor and the District’s computerized substitute system, if applicable, seventy-two (72) hours’ notice prior to taking leave unless an emergency or illness prohibits the notification, in which case notification must be

provided as soon as possible. Because the computerized substitute system does not record an absence forty-five (45) or fewer minutes before the beginning of the workday, the employee must report such absence to the school.

- When a concern arises regarding the use of leave for personal or family illness, the District may request that the employee provide medical certification. Employees may be required to present a fitness for duty certificate from a physician to be restored to employment after using leave.
- When a concern arises regarding the use of leave for an emergency situation, the District may request that the employee provide supporting documentation.
- The following criteria apply to general leave used for any other reason:
  - Requests must be approved by the appropriate supervisor as soon as the employee is aware of the need to be absent, but at least one (1) week prior to the scheduled absence.
  - If it is known that a particular date(s) will not be approved by the site administrator due to a special event, the site administrator must bring that information to the attention of staff within the first month of the instructional year.
- “Protected” or “blackout” days are defined as the day before or after a holiday or break, during the week of state testing, site-specific parent/teacher conference days, the pre-week and first week of the instructional year, and the final week of the instructional year.
  - General leave may be used on “protected” days only with approval of the Superintendent or designee for documented illness, bereavement or special/emergency-related circumstances.
  - In considering an employee’s request for general leave on “protected” days, the Superintendent or designee will consider the following:
    - Employee’s attendance history
    - Employee’s previous general leave requests
    - Opportunity for employee to take the general leave at a different time
    - If the purpose of the leave is atypical
- A supervisor has the right to ask an employee if the reason for general leave is either personal illness, family illness, religious observance or some other reason.

IBN members achieved full consensus on the proposed straw design.

- **Evaluating Options**

The straw design meets the following interests/criteria:

- Promotes employee morale
- Promotes employee retention
- Provides flexibility to employees
- Removes current ambiguity
- Addresses inconsistencies
- Helps to prevent long-term absences
- Gives supervisors authority to approve or deny “other” reasons
- Helps prevent heavy absenteeism before/after holidays, during first week of instruction, during state testing
- Allows consideration of special circumstances

- **Recommendation**

No Governing Board recommendation is required at this time. The straw design components will be reflected in Regulation GCCA-R/GDCA-R, Professional/Support Staff General Leave. The IBN Team intends to scrutinize the impact of these changes on employee absenteeism. Members will assess the results after one year and propose modifications, as appropriate.

### **ISSUE D: EMPLOYEE PHASED RETIREMENT PROGRAM**

On January 9, 2014, the Governing Board approved IBN's phased retirement program recommendation for the 2014-2015 school year.

### **OTHER ISSUES**

The following is a brief recap of some of the other issues that were addressed by the 2013-2014 IBN Team, none of which generated a Governing Board recommendation.

- **IBN Working Conditions Survey**

The IBN Team conducted its fifth annual working conditions survey. Approximately two-thirds of employees completed the online survey, which was administered by K-12 Insight, an independent research and communication firm. Overall, classified employees were less responsive than certified staff and administrators. Results were similar to last year's survey outcomes: Most respondents indicated they are happy working for the District; however, there is still room for improvement. An overwhelming majority of respondents chose e-mail as their preferred means of communication.

Based on the working conditions survey results, an IBN subcommittee was established to address the following issues:

- **Consistency of Paid Time Off**

This was addressed as Issue C, above.

- **Holiday Pay for Classified Hourly Employees**

Some employees had expressed confusion regarding the calculation of holiday pay for classified hourly employees whose scheduled hours vary depending on the day of the week. A clarifying example was offered in the December IBN Communiqué, and further information was provided to school administrators and office managers in January 2014.

- **Rotating Start Times**

WESD has a three-tiered schedule of school start and end times, which enables students to be transported using the current number of available buses. However, the dismissal time variance creates scheduling difficulties for after-school athletic programs, particularly at the middle-school level. Furthermore, the start time for District-level professional development activities may not accommodate teachers at the late-start schools. IBN Working Conditions Subcommittee members considered several options to address these concerns. Ultimately, in light of potential costs and disruptions of said options, the group proposed that the status quo be maintained. Moreover, they suggested that staff, parents and community be educated regarding the logistical issues of rotating start times and/or the establishment of common start and dismissal times for schools. They also proposed that there be staggered start times for District-level after-school professional development and other activities.

- **Coverage for Classified Absences**  
WESD provides substitute coverage for absences among certified staff and health services employees. While a small number of “floaters” provide minimal substitute coverage for some classified positions, classified absences far exceed the available “floater” pool. This is particularly prevalent among Nutrition Services Department employees, and typically, coverage must be provided by remaining staff. This is burdensome to those whose workloads are affected, and it may adversely impact productivity, quality of service to students, safety and employee morale. After discussing this matter according to interest-based parameters, the IBN Team proposed that it be forwarded to a small, collaborative team for further consideration. Representatives from Nutrition Services, Administrative Services and Human Resources met and identified several feasible solutions.
- **Training Opportunities for Classified Employees**  
Some classified employees do not complete online surveys or check e-mail because they are uncomfortable using technology. IBN members identified a need to provide professional development opportunities for classified staff, including computer training. Supervisors have been notified that classes, including *Microsoft Office 101*, *Grammar and Writing* and *Customer Service*, are currently being offered to classified employees.
- **Certified Substitute Pay Deficit**  
Every year, beginning in 2009-2010, each school has been allocated a substitute teacher budget based on the number of teachers at the school who require a substitute when absent and the District’s total substitute budget. A school’s allocation is not nearly adequate to cover its teachers’ available leave days, and some schools have exceeded their substitute budget during one or more years. The IBN Team has suggested that a committee of informed individuals be organized to further research this issue and to propose possible solutions.
- **Parity**  
During the mid-2000s, the Governing Board addressed the need for equitable programming and staffing across schools. The Board referred to this as *parity*, “defined as fair and equal access to educational programs that meet standards for effective program delivery and equal access to comparable opportunities with regard to curricula, programs, materials staff and facilities.” Some employees have expressed concern that, in light of budgetary constraints, some multi-year parity plans have not been realized. Of particular concern are a five-year health services implementation plan and a seven-year instrumental music implementation plan that were approved in March 2006. An IBN subcommittee will review the original parity plan and revisit staffing and program needs specific to schools and students. They will revise the parity plan to reflect current needs and present it as a proposal to the IBN Team in December 2014.
- **Class Sizes**  
Although the current class size thresholds continue to be a concern among some employees, budgetary constraints prohibit addressing this issue at the current time.
- **Time: Teacher Prep Time, PLC Time**  
Some certified employees have expressed concern that their prep time has diminished during recent years. Instead of having self-directed time to prepare for upcoming lessons, their designated prep time is often monopolized by meetings, e.g., team, grade level, department, staff, IEP, SST, as well as coverage for absent teachers’ classes. Additionally, some staff members are frustrated at the amount of PLC (professional learning community) time that is District-, rather than school-, directed. The IBN Team has identified this as a focus area for next year. Members of the IBN Working Conditions Subcommittee will develop a survey, to be administered to administrators and teachers at the beginning of next school year, to more

clearly identify concerns and possible resolutions. Survey results will be presented to the full IBN Team in December 2014.

- **Special Education Costs/Special Education Anomaly**

Relative to total District expenses, special education costs have increased significantly during recent years. Currently, approximately 16 percent of WESD students receive special education services while 20 to 21 percent of the District's budget is allocated to special education. The District has gained 313 special education students during the past two years, many of whom have complex issues that must be addressed with additional staff and materials. While most expenses are legally mandated, much has been accomplished this year to contain costs.

Last year, IBN identified special education teachers and support staff as anomaly groups. The interest-based process was followed in considering these anomalies; story was told, interests were identified, and options were brainstormed and evaluated. Because of the large number of employees involved, however, IBN's Salary Subcommittee concluded that sufficient funds were not available to address these anomalies. This year, the same conclusion resulted when the issue was again addressed. IBN recognizes, however, that a solution must be sought. Recruiting and retaining quality certified and classified employees for special education continues to be a significant challenge.

Recognizing that special education issues are extensive, complex and closely related to program delivery models, a Special Education Task Force will convene to explore possible solutions. Members will include IBN representatives, as well as Special Services Department administrators, parents and community members. Options proposed by the task force will be presented to the IBN Team in December 2014.

- **Materials Management Center (MMC) Anomaly**

MMC (warehouse) technicians I and II requested that IBN consider their positions as anomalies, i.e., those for which pay is not competitive with the market, causing them to be hard to fill. Upon studying the situation, IBN's Salary Subcommittee concluded that the positions do not meet anomaly criteria.

- **Stipends**

In addition to the recommendations for increasing after-school athletic coaching flat-fee compensation (Issue B, above), the IBN Salary Subcommittee developed several other stipend-related recommendations. The latter were not approved by the full IBN Team. Instead the subcommittee will reconvene to address any "extra pay for extra work" stipends. Members will discuss job descriptions, including standards and expectations, for these temporary positions, as well as competitive compensation. They will share their outcomes with IBN in December 2014. In the meantime, with the exception of athletic coaching flat-fee compensation, stipends will remain the same for 2014-2015 as they have been for the current year.

- **Phased Retirement Program – Future Direction**

The IBN Team endorses continuing to contract with smartschoolsplus, inc. for a phased retirement program in future years, should the current program parameters remain intact. If parameters change, however, IBN will reconvene to consider the revised program and to make a recommendation to the Governing Board.

### **III. Prepare a cost-benefit analysis/cost assessment of each option.**

The following are estimated costs for the recommendations listed under Section V, below:

- Recommendation #1:
  - Estimated cost of \$1,000,000.00
- Recommendation #2:
  - Estimated cost of \$1,200,000.00
- Recommendation #3:
  - Estimated cost of \$94,000.00

### **IV. Seeking stakeholder feedback when relevant and/or necessary.**

During December/January, each IBN representative e-mailed a note of introduction to his or her constituents. Additionally, periodic communiqués (*Attachment C*) were sent to each employee via e-mail during the IBN process. School office managers, cafeteria managers, facilities managers and department administrators were also asked to post hard copies of the communiqués, and principals were asked to remind their staff to check their e-mail and read the communiqués. Besides providing updated information, each communiqué sought to dispel rumors and to encourage employees to share their questions, comments and suggestions with their respective IBN representative. Each communiqué listed the names and e-mail addresses of all IBN Team members.

### **V. Use conclusion(s) to develop a rationale and prepare recommendation(s) to present to the Governing Board for action.**

#### Recommendations:

1. It is recommended that a one percent ongoing salary increase be granted to all employees with a start date of 2/1/2014 or earlier, effective with the 2014-2015 school year, with the increased salary not to exceed the end range of the applicable salary schedule. If an employee is currently within one percent of the end range, it is recommended that that employee be granted the percentage increase that brings the employee to, but does not exceed, the end range. The cost of this recommendation is approximately \$1 million for the 2014-2015 fiscal year.
2. It is recommended that one-time monies be distributed according as indicated below, to be paid in full to eligible employees in their August 22, 2014 paycheck and based on the employee's FTE as of February 18, 2014. The total cost for one-time monies is approximately \$1.2 million:
  - Distribute a one-time, lump sum payment of \$188.00 to each 1.0 FTE employee hired between 7/1/2013 and 2/1/2014, and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$272.00 to each 1.0 FTE employee hired during the 2012-2013 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$356.00 to each 1.0 FTE employee hired during the 2011-2012 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$440.00 to each 1.0 FTE employee hired during the 2010-2011 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.

- Distribute a one-time, lump sum payment of \$524.00 to each 1.0 FTE employee hired during the 2009-2010 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
  - Distribute a one-time, lump sum payment of \$608.00 to each 1.0 FTE employee hired prior to the 2009-2010 school year and still employed by WESD in a regular position as of 8/15/2014. For less than full-time employees, prorate the lump sum based on FTE.
3. It is recommended that the stipend for K-6 after-school athletic coaches be increased from \$648.75 to \$865.00 effective with the 2014-2015 school year. It is further recommended that the stipend for 7-8 after-school athletic coaches be increased from \$972.75 to \$1,297.00 effective with the 2014-2015 school year. It is further recommended that the stipend for 7-8 after-school athletic coaches at K-8 schools be increased from \$648.75 to \$1,297.00 effective with the 2014-2015 school year. The total cost of this recommendation is \$94,000.00.

**WASHINGTON ELEMENTARY SCHOOL DISTRICT No. 6**

TO: Governing Board X Action

FROM: Dr. Susan J. Cook, Superintendent X Discussion

DATE: January 9, 2014 \_\_\_\_\_ Information

AGENDA ITEM: Permission to Pursue Employee Phased Retirement Program \_\_\_\_\_ 1st Reading

INITIATED BY: Interest-Based Negotiations Team SUBMITTED BY: Dr. Susan J. Cook, Superintendent

PRESENTER AT GOVERNING BOARD MEETING: Justin Wing, Director of Human Resources

GOVERNING BOARD POLICY REFERENCE OR STATUTORY CITATION: BBA; ARS §15-502; ARS §38-766.02

**SUPPORTING DATA**

Funding Source: Various  
Budgeted: Yes

During recent years, eligible Washington Elementary School District (WESD) employees have had the opportunity to participate in a phased retirement/employee leaseback program through smartschoolsplus, inc. With Governing Board approval, the program commenced in 2004-2005, and it was terminated at the end of the 2008-2009 school year. At the recommendation of WESD’s Interest-Based Negotiations (IBN) Team, Board members reinstated it for 2011-2012 as a one-year program that included stipulations and conditions that had not been previously addressed. On February 9, 2012, the Governing Board approved an updated IBN recommendation for a one-year phased retirement program, again through smartschoolsplus, inc., for 2012-2013, and on January 10, 2013, the Board approved the current one-year smartschoolsplus, inc. phased retirement program, which incorporated still further guidelines and clarifications.

In order to comply with the Affordable Care Act, smartschoolsplus, inc. must offer employee health benefits effective with the 2014-2015 school year. At this time, the company has not finalized the health insurance plan it will offer and its related costs. Therefore, smartschoolsplus, inc. has yet to prepare a contract for the District. Presumably, however, because of the company’s increased operational costs, the resulting savings to WESD may diminish relative to prior years.

Typically, one of the IBN Team’s initial tasks each December is to consider the feasibility of recommending that an employee phased retirement program be reauthorized for the subsequent school year. This year, in order to expedite the process, present IBN’s recommendation to the Governing Board as early as possible and offer timely information

**SUMMARY AND RECOMMENDATION**

It is recommended that the Governing Board authorize WESD to pursue an employee phased retirement with smartschoolsplus, inc. for the 2014-2015 school year in accordance with current WESD phased retirement guidelines.

Superintendent \_\_\_\_\_

<b>Board Action</b>	Motion	Second	Ave	Nav	Abstain
Adams					
Graziano					
Jahneke					
Lambert					
Maza					

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to employees who plan to retire at the end of this year, IBN members were asked to respond via e-mail to the question, "Should WESD offer eligible employees the option to participate in a smartschoolsplus, inc. phased retirement program for 2014-2015, given the same conditions and stipulations that currently exist for the program?" (At this time, however, the question did not take into consideration the probable impact of the Affordable Care Act on the cost to the District of contracting with smartschoolsplus, inc.) Because of their familiarity with the current phased retirement program, continuing IBN members were able to make an informed decision without benefit of further details. Director of Human Resources Justin Wing provided new IBN representatives with sufficient background information to enable them to offer a knowledge-based response to the inquiry. Ultimately, IBN members made a consensus decision to recommend that the Governing Board authorize WESD to pursue a contract with smartschoolsplus, inc. for the 2014-2015 school year in accordance with current District phased retirement guidelines.

During the December 16-17, 2013 IBN meetings, members learned that smartschoolsplus, inc. has yet to prepare a contract for WESD, pending finalization of the company's employee health benefits plan. Understanding that the savings to be realized by contracting with smartschoolsplus, inc. would likely be less than in previous years, the IBN Team nonetheless reached consensus to recommend that the Governing Board authorize the District to pursue a phased retirement program with smartschoolsplus, inc. for the 2014-2015 school year, given the following parameters:

- **The program will remain in effect for one year only (2014-2015).**
- **The program is intended for eligible employees who wish to work for WESD for only one more year.**
- **At the end of 2014-2015, positions held by program participants will be opened as vacancies or considered for possible reductions. Program participants may reapply to WESD to be considered for posted vacancies; external application, selection, salary placement and benefits procedures will apply.**
- **The program will be open to eligible classified employees, certified employees and administrators; the Superintendent will not be eligible to participate, per District Regulation GCQE-R.**
- **There will be only one entry date into the program (July 1) for eligible participants.**
- **To be eligible, an individual must**
  - **have been employed by WESD for one or more years;**
  - **have not received an *unsatisfactory* or *ineffective* performance rating on either of his or her two most recent evaluations;**
  - **qualify for full retirement benefits through ASRS;**
  - **complete the WESD application process.**
- **Selection of program participants from among eligible applicants will be based on the combined results of an individual's Reduction in Force rubric, if applicable, and performance evaluations.**
- **A program participant's intended placement will be at the site where he or she was located immediately prior to retirement.**
- **A program participant will receive 75 percent of the base salary or hourly rate earned during his or her final year of employment with WESD. Overtime calculations, if applicable, will be based on the hourly rate earned by the program participant.**
- **WESD will pay smartschoolsplus, inc. 86 percent of the base salary earned by the program participant during his or her final year of District employment.**
- **WESD will pay the Arizona State Retirement System the 2014-2015 alternative contribution rate per program participant.**
- **WESD will not pay program participants' health insurance.**
- **Program participants will be granted all general leave time up front.**
  - **12-month employees will receive 12 days of general leave.**
  - **Employees who work fewer than 12 months per year will receive 10 days of general leave.**
- **Program participants who are 12-month employees will be granted 10 vacation days up front.**
- **Program participants will not be eligible for professional development days.**

## Permission to Pursue Employee Phased Retirement Program

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- Program participants will not be eligible to receive incentives or performance pay.
- Program participants will be eligible to receive stipends for additional work completed, if applicable; in such circumstances, WESD will pay the full current stipend amount to smartschoolsplus, inc. If earned, stipends will be paid to program participants on a quarterly basis. Participants must submit completed stipend paperwork within designated timeframes in order to ensure prompt payment.
- Program participants will not be eligible to serve on
  - IBN Team
  - Planning and Steering Council
  - Facilities Council
- Program participants will be allowed to serve on
  - a curriculum related committee, if the committee's work impacts the participant's current year students
  - a committee, including Site Council, only if doing so is a requirement of the participant's position; determination of said requirement is to be overseen by the principal or Superintendent or designee.
- Program participants are not to be paid for any days for which regular District employees are not compensated, i.e., furlough days.
- The District may use the services of the phased retirement agency to fill position vacancies, and in doing so, must adhere to standard District protocol for working with any contract staffing agency.
  - An individual contracted through the phased retirement agency will receive 75 percent of the position base salary (or hourly rate), determined according to the District's new hire placement procedures.
  - An individual may be contracted through the phased retirement agency to begin work at any time during the fiscal year. Such flexibility in filling vacancies will support the District's efforts to meet ongoing educational and administrative needs.
  - An individual who is to be contracted through the phased retirement agency must provide a copy of his or her two most recent performance evaluations as evidence that he or she received no *unsatisfactory* or *ineffective* performance ratings on either evaluation.

During the current school year, 24.5 FTE (6.0 FTE administrators, 5.0 FTE classified staff and 13.5 FTE certified staff) participate in the phased retirement program, which is costing WESD approximately \$500,000.00 less than if all had remained District employees for the year.

Justin Wing is available to answer Governing Board members' questions regarding this recommendation.