

RESPONSE TO SUDBURY FINANCE COMMITTEE'S INQUIRIES ON NEGOTIATED SETTLEMENT BETWEEN THE L-S TEACHERS' ASSOCIATION AND THE L-S SCHOOL COMMITTEE

Prior to reading the responses that follow, please be advised that the financial costing of the contract used the following assumptions:

- Current staff in FY09 were assumed to continue in their positions for the FY10–FY12 contract years, with the exception of specific retirements known at the time of the costing;
- The cost of movement on steps was based on the existing staff, with replacements for two retirees being placed on Masters Step 6 in FY11 and then moving on step in FY12;
- The impact of the contract on the total budget with regard to staying within the Finance Committee guideline of a 4.5% overall budget increase in FY11 and in FY12 was projected using the Finance Committee assumptions of a 3% general inflation rate on materials, supplies, and expenses; a 7% increase in pensions and insurance (unless specific amounts was known) and the actual cost of the provisions in the contract assuming the FY09 staff continued in positions, as stated above.

1) What is the projected incremental cost of the new contract in each of the next three years: the dollar amount of the increase in salaries in each of the next three years (steps plus colas) and the dollar amount of the change (hopefully decrease) in the projected cost of healthcare benefits vs. the status quo for each of the next three years? Just to be clear, we would define "incremental" as any change in salaries or benefits from where they are today, whether by COLA, step, bonus payments, contribution changes, etc.

The negotiated settlement between the Lincoln–Sudbury Regional School District Committee and the Teachers' Association focused on addressing the structural problem of the high cost of health insurance while recognizing the commitment and quality of the teaching staff given the difficult economic climate. The result was a 5% increase in the teachers' contribution to the cost of their health insurance plan (from 25% to 30%), as well as a program to share savings achieved by teachers moving to less expensive "Rate Saver" plans. The savings in the chart below reflects the increase in the employees' premium contribution. We expect additional savings to the District through the incentive to employees to move to less expensive plans but we will not be able to quantify that until the special open enrollment is held in September. We also anticipate that, over time, the Rate Saver plan premiums will grow at a slower rate since the plan design incorporates higher co-pays and other deductibles not in the current "legacy" plans.

This contract also eliminates the Early Retirement Incentive which had been a benefit for many years, intended to encourage more senior, experienced staff to retire in order to hire less experienced teachers at a lower salary. Two individuals (out of the 3 allowed under the contract) had been approved in the last year of the expiring contract and are budgeted to receive the incentive payment in FY10; the savings from eliminating this feature of the contract is realized in FY11. The small increase in FY10 reflects the .75% increase on the amount budgeted.

	FY10	FY11	FY12
STEPS	229,655	150,594	221,095
COLA (0.75% - 1.75% - 2.0%)	80,227	191,895	228,712
TOP STEP (0.75% - 1.00% - 1.0%)	37,732	57,225	66,008
Less: HEALTH INS SAVINGS 5%	-81,062		
Less: ELIMINATION OF ERI	702	-94,242	
MASTER TEACHER STIPEND	77,500	10,000	5,000
ATHLETIC EXPERIENCE PAY	4,000	2,000	2,000
ATHLETIC/ACTIVITIES STIPENDS	0	0	3,761
LABERVISORS	4,800	800	800
COORDINATORS	0	1,000	1,000
LIAISON	0	100	100
MENTOR TEACHER COORD.	-500	0	00
INCREASE	353,054	319,372	528,4761,200,902

2) What is the projected increase in the average salary per employee in each of the next three years?

The average teacher salary and the increase year over year is provided in the chart below. As noted in a later question, 40% of L-S staff are at the top step of the salary scale (Step 17) reflecting both the experience and longevity of our staff. By the end of the contract, assuming all staff remain at L-S for the duration of the contract, there will be over 50% at the top step of the salary scale.

	FY09 Current	FY10	FY11	FY12
Avg Teacher Salary	\$74,821	\$77,306	\$80,163	\$83,851
Increase (incl Steps)		\$ 2,485	\$ 2,857	\$ 3,688

3) How many layoffs do you now expect for FY10?

We are reducing 9.08 FTE based on final adjustments to the library support staff. This is resulting in a headcount reduction of five. The five people laid off were two Special Education instructional assistants, one part-time custodian, one career center staff member, and one teacher.

4) Does the 70/30 healthcare contribution percentage split also apply to retirees?

No, the School Committee voted to adopt Section 18 in FY09, which resulted in a significant transition for our retirees over the past several months and shifted a portion of the cost of the health insurance to the retiree (and the federal government). The savings to the district is almost \$250,000. There has been no change to existing retirees' health insurance contribution rates. However, any staff members, including teachers, who retire at the end of FY10, FY11 and FY12 will be subject to the 30% contribution rate as retirees.

5) What is the projected absolute dollar cost/savings of each individual paragraph in the MOU over the life of the contract?

The chart in the response to question #1 reflected the incremental increase year over year of the contract. The chart below provides the total cost for each aspect of the contract in each of the three years. The year over year increases are 3.23%, 2.81% and 4.49%. This compares to 1.81%, 1.70% and 1.78% increases if a settlement had not been reached with the teachers and the provisions of the expiring contract had continued (step increases and three Early Retirement Incentives in FY11 and FY12).

	FY09	FY10	FY11	FY12
BASE	10,467,209	10,467,209	10,814,823	11,214,537
STEPS		229,655	150,594	221,095

COLA (0.75% - 1.75% - 2.0%)		80,227	191,895	228,712
TOP STEP (0.75% - 1.00% - 1.0%)		37,732	57,225	66,008
	10,467,209	10,814,823	11,214,537	11,730,352
TOTAL BASE MASTER TEACHER STIPEND	0	77,500	87,500	92,500
ATHLETIC EXPERIENCE PAY	16,000	20,000	22,000	24,000
ATHLETIC/ACTIVITIES STIPENDS	376,047	376,047	376,047	379,808
LABORVISORS	14,400	19,200	20,000	20,800
COORDINATORS	50,000	50,000	51,000	52,000
LIAISON MENTOR TEACHER COORD.	3,800	3,800	3,900	4,000
	1,000	500	500	500
	10,928,456	11,281,510	11,681,242	12,303,960
TOTAL COST				
YEAR OVER YEAR INCREASE		433,414	413,614	528,476
Less: HEALTH INS SAVINGS 5%	0	-81,062	0	0
Less: ELIMINATION OF ERI	0	702	-94,242	0
ADJUSTED INCREASE		353,054	319,372	528,476
				1,200,902

You will note that the cost of Steps goes down in FY11 and then increases again in FY12. This is the result of two factors. First, in FY10 there were 88.85 FTEs that moved up on step, of which 5.17 moved to the top step, for a total of 56.17 FTEs at the top step. Once on the top step, there is no further movement for those 56.17 FTEs and therefore no cost of steps for them. Second, at the end of FY10, two teachers who are each at the top step in their degree category will retire. Even though 8.6 FTEs will move up, 2.0 FTEs come out. The replacements for the retirees are assumed to be hired in FY11 on Masters Step 6 and do not move up on step until FY12. The net savings in total salaries in FY11 as a result of the retirements is \$77,000. The cost of Steps goes up again in FY12 with the two new staff members moving up and the fact that the remaining staff is reaching higher salaries on the scale.

6) How many teachers are at the top step vs. the total number of teachers?

Assuming all current staff continue at L-S through FY12, the number of teachers on the top step versus the total number of teachers (in FTEs) is:

	FY10	FY11	FY12
Teachers at Top Step	56.217	62.817	70.317
Total Teachers	139.896	139.896	139.896
Percentage of Total	40.2%	44.9%	50.3%

7) What is the number of teachers impacted by the Master Teachers Program and what are the financial implications as compared to the Early Retirement program previously in place?

The cost of the Master Teacher stipends is itemized below, as is the cost of two Early Retirement Incentives (ERI) in FY10 based on application for the incentive in FY09 under the prior collective bargaining agreement. Under the previous collective bargaining agreement language, up to three ERIs would be given and the cost is estimated in the chart for three in FY11 and FY12, assuming the COLA and provisions of the new contract were in place.

The Early Retirement Incentive was based on number of years of service only. The Master Teacher stipend has performance, education and service criteria in order to be eligible. To be a Master Teacher the individual must have an evaluation rating of "1" (the highest of the 1, 2 and 3 ratings), must have a minimum of 10 years of service at L-S with a Masters degree plus 30 additional credits for coursework or higher, or have a Masters degree plus 15 additional credits for coursework and 20 years of service at L-S, and must have reached the top step of the salary scale at least one year prior. In the chart below, the number of teachers who meet all criteria, including the performance rating, is actual for FY10 and projected for FY11 assuming those who meet the education and service requirements also meet the performance requirement.

	FY10	FY11	FY12
Eligible for Master Teacher	31	35	37
Cost at \$2,500	\$77,500	\$87,500	\$92,500

Cost of 3 ERIs (only 2 in FY10)	\$94,242	\$145,000	\$150,000
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8) Will the cost of the provisions of the collective bargaining agreement allow the Lincoln-Sudbury Regional School District's budget to meet the guideline of 4.5% overall growth in FY11 and in FY12?

Yes, following all of the assumptions stated at the beginning of this document and applying the cost of the contract for teachers as well as the increases for all staff over the three year period, the total L-S budget is within the 4.5% guideline. The FY10 budget is as voted at Town Meeting, with only a 2.1% increase. The total FY11 budget, excluding the debt service, will grow 4.33% and the total FY12 budget, excluding debt service, will grow 4.45%.