



# Impact of Employee Contracts and Class Size on the Budget

School Board Work Session  
May 29, 2018

# Work Session Purpose

- Understand how:
  - Employee contracts impact the budget
  - Class size ratio/range impacts the budget
- Consider sustainable strategies moving forward

## *Previous Discussions:*

- Finance 101  
Presentation: 11/28/17
- Finance 102  
Presentation: 12/01/18
- Finance Work Session:  
03/28/18
- Budget History and  
Timeline Discussion:  
04/18/18
- Levies: 05/03/18

# Funding Bucket Review



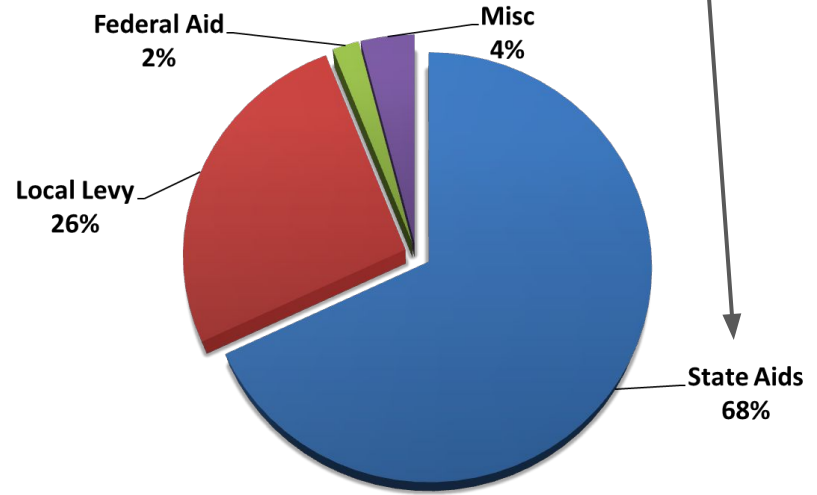
The district's budget is divided into buckets, with each one assigned specific purposes.

- General fund is the largest and most flexible; it pays for everything from salaries and classroom supplies to transportation and electricity.
- Other funds can only be used for their specific purpose - for example, the building construction fund can only be used to pay for building improvements.
- Money from the buckets to the right of the red line in the graphic above cannot be used to support general fund expenses without legislative approval.

# General Funding Info

- An increase on the general education formula is only on part of our budget
- For each 1% increase on the general education formula, we realize \$500,000-\$550,000 in unrestricted funds
- Unfunded mandates (e.g. assessments, PD days, added contract language, leaves) cost us additional money

An increase on the State's general education formula is only on 68% of our budget.



# Contract Funding and Costs

- 2% on the general formula = about \$1 million per year
- Steps (all groups) and lanes (teachers only) for all employee groups costs the District approximately \$1 million per year

# Explaining Salary Schedules

	STEP	LANES		
		BA	BA+15	BA+30
S T E P S ↓	A	43,728	45,347	46,987
	B	45,476	47,244	49,053
	C	47,296	49,234	51,210
	D	49,189	51,297	53,471
	E	51,158	53,450	55,820

- **Steps** = moving from one step to the next for completing a year of service (all groups)
- **Lanes** = Moving across the salary schedule based on education level attained (teachers only)

	<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>
2017-2018	\$17.68	\$18.12	\$18.58	\$19.06	\$19.55
2018-2019	\$17.95	\$18.39	\$18.86	\$19.35	\$19.84

# Actual District Cost vs Employee Experience

Employee Income - Base Yr

Yr 1 -- 2% Salary Increase

Yr 2 -- 2% Salary Increase

Total Change/Increase - 2 Yr Contract

Actual Cost to District (Two Year Contract)		
Base Yr	New Salary	Increased Cost Over Base
\$100.00		
	\$102.00	\$2.00
	\$104.04	\$4.04
		<b>\$6.04</b>

Employee Experience (Two Year Contract)		
Base Yr	New Salary	Increase in Annual Pay
\$100.00		
	\$102.00	\$2.00
	\$104.04	\$2.04
		<b>\$4.04</b>

# Adjusting Class Size

Current Staffing Ratios/Ranges			
Grade level	Low	Board staffing ratio	High
Grades K-1	17.42	21.42	25.42
Grades 2-3	21.42	25.42	29.42
Grades 4-5	26.42	29.42	32.42

Action	Additional FTE	Additional Cost
<b>Remove Elem Range</b> on Ratio (Add'l FTE added when Board ratio exceeded)	19.95	\$2.1 Million
<b>Reduce Elem Range</b> by One (Add'l FTE added when Board ratio exceeded)	8.95	\$940,000
<b>Reduce Elem Ratio</b> by One No Range on Ratio (Add'l FTE added when Board ratio exceeded)	27.95	\$2.95 Million
<b>Reduce Secondary Ratio</b> by One	5.27	\$553,350



# Contract/Class Size Decisions That Impact Budget

## CONTRACT PARAMETERS

- **Salary Schedule**
  - Improve - Increase salary schedule and/or allow steps and lanes
  - Soft freeze = Allowing movement through steps with no increase to salary schedule
  - Hard freeze = No increase to schedule and no movement through
- **Benefits**
  - Increase or freeze District contributions

## CLASS SIZE

- Increase or decrease Board staffing ratio
- Reduce range
- Cap class sizes

# Connecting the Dots and Moving Forward

Board decisions:

- Increase revenue
- Decrease costs

Action	Board Decision Timing	Budget Impact Year
Board-approved levies: Q-Comp and OPEB	June 2018 (finalized Dec 2018)	2019-20
Programs	September 2018	2019-20
Board staffing ratio	December 2018	2019-20
Contract parameters	January 2019	2019-20 through 2021-22
Voter approved levy: capital projects	2019...	2020-21
Voter approved levy: operating	By August 2021	2021-22