



FY 2020 Recommended Budget Budget Question

Board Question #: 17

BUDGET QUESTION: The Schools indicated last year that implementation of the Evergreen recommendations was too expensive. Evergreen's most expensive option was \$7.1 million without benefits. If we assume an average 30% benefit rate, the cost is \$9.1 million. In lieu of going forward with the Evergreen option, the Schools gave 4% across the board (except administrators) in FY 2019 at a cost of \$6.9 million, and are proposing a 5% increase plus year 2 in FY 2020 at a cost of \$9.6 million. So, what was done in FY 2019 plus what is proposed for FY 2020 would total \$16.5 million. But, as noted, the Evergreen recommendations were considered too expensive at \$9.1 million? Please explain.

RESPONDING DEPARTMENT/OFFICE: Schools

RESPONSE: The initial estimated costs for fully implementing the new teacher pay scales recommended by Evergreen, which included a 2% progression between each step was well over \$10 million by itself. Based on financial constraints at that time, this amount was perceived to be too expensive. Therefore, the division made a decision not to implement the new pay scales recommended by Evergreen and just began to focus on analyzing the three solutions that were listed in their study.

1. Bring to Minimum – FY 2017 Costs - \$176,000, excluding benefits
2. Range Penetration – FY 2017 Costs - \$7.1 million, excluding benefits
3. Classification Parity – FY 2017 Costs - \$4.3 million, excluding benefits

Based on our analysis of Evergreen's study, the 2016 costs for the Range Penetration option was only a salary market adjustment, it did not include benefits and it did not include a pay increase for all teachers. This meant well over 100 teachers would have received no pay increase. In consultation with Evergreen it was determined that neither of the 3 options above were best for teachers. Therefore, the division implemented a hybrid method of the Range Penetration option, which Evergreen agreed made sense, a 4% pay increase for teachers for year 1, a 4% pay increase for Year 2 and a 4% pay increase for Year 3. The Year 1 Evergreen costs for teachers was \$4.8 million and the year 2 Evergreen costs for teachers is \$5.1 million.

For non-teachers, in consultation with Evergreen, it was determined that the Classification Parity would be best. The costs of this option for Year 1 was \$531,000 and the costs of Year 2 is estimated at \$552,000.

The total Evergreen costs for Year 2 is estimated at \$5.7 million. In addition, the remaining staff are entitled to at least a cost of living increase, similar to the approach taken by the County.

The school division is requesting the County to fund the \$5.7 million of the Evergreen study, year 2 of 3. In addition, the school division is requesting the County to fund approximately \$6 million of the new positions that address safety, instruction and the increasing needs of our students.

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Budget Question

The methodology used to calculate Phase 2 of the Evergreen (EG) Study included the following steps:

1. Evergreen - For Teachers
 - Provided a 4% Salary Increase in consultation with Evergreen to all employees paid on a teacher pay scale
 - The costs of this implementation in FY 2019 was \$4,759,758 (Year 1 of 3)
 - The costs of this implementation in FY 2020 is \$5,068,655 (Year 2 of 3)
2. Evergreen - For Non-Teachers
 - Utilized a more comprehensive process (see below)
 - The costs of this implementation in FY 2019 was \$531,000 (Year 1 of 3)
 - The costs of this implementation in FY 2020 is \$552,087 (Year 2 of 3)

The methodology for non-teachers is as follows:

- Reviewed FY19 Final Eligible Employees to determine base eligible employees for FY20
- Determined & removed employees no longer eligible due to terminations (resignations, retirees, etc.)
- Removed employees no longer eligible due to job changes (i.e. bus driver in FY19, bookkeeper in FY20 or cafe worker in FY19, cafe manager in FY20).
- Determined & removed employees only eligible for FY19 EG Bring to Minimum incentive
- Applied a 5% escalation factor for FY20
- Calculated FY20 salary including the EG incentive
- Analyzed whether employee remains eligible for FY20 EG incentive, considering that SCPS Salary Table differs from the EG Salary Table, resulting in an employee potentially receiving a higher salary incentive in FY19, than the intended EG Market Salary for FY19, due to placement on the FY19 SCPS Salary Table
- Removed employees no longer eligible for FY20 incentive as a result of placement on the FY19 SCPS Salary Table, which brought employee at or above the EG Salary Table range for FY20
- Placed remaining eligible employees on FY20 SCPS Salary Table
- Determined total cost of FY20 EG incentive

ESTIMATE OF STAFF TIME SPENT ON RESPONSE: