Impasse Hearing Presentation

By: Rebecca Roberts

Financial Overview

- The District is only in the 3rd year of positive fund balance following several years of financial distress.
- The Health Insurance Fund has been and continues to be actuarially unsound.
  - Meets fund balance requirement in the month of June only
    - Details by Aon
- District's contribution to Health Insurance has grown by 35% since 2014
  - Employee contribution grew by only 7% for same period
- The District has provided pay enhancements for the past 3* years
  - Average 1.75%
  - Greater than the rate of inflation

Financial Overview
2016/2017 Budget

- District Received < 1% New State Funding for 2016/17 (2^{nd} Calc)
  - 2017/18 State funding projected to be flat (no increase)
- District Budget Objectives - Operational
  - Eliminate District Infusion of funds to Health Insurance
    - $5.9 - 2015
    - $4.9 – 2016
  - Improve District General Fund Balance
    - Cannot fall below 3%
  - Provide District Wide Salary Enhancements
    - Salary study was conducted by District Compensation Professional

GENERAL FUND

Approved Budget

The budget was made available to the bargaining unit and all of their questions were answered.

ESTIMATED REVENUE	2015-16 BUDGET	2016 - 17 BUDGET	15/16 to 16/17 CHANGE IN DOLLARS	15/16 to 16/17 CHANGE IN DOLLARS
SUMMARY				
FEFP	[illegible]	[illegible]	[illegible]	.72%
Federal	[illegible]	[illegible]	[illegible]	.53%
Other State	[illegible]	[illegible]	[illegible]	.27%
Other Local	[illegible]	[illegible]	[illegible]	.95%
Transfers	15,228,725	14,553,244	(675,481)	-4.44%
Non-Revenue Receipts	-	-	-	
Beginning Balance	17,348,150	16,189,118	(1,159,032)	-6.68%
GRAND TOTAL ESTIMATED REVENUE	397,057,636	401,095,710	4,038,074	1.02%
APPROPRIATIONS/EXPENSES				
Instructional Services	253,326,538	253,738,325	411,787	0.16%
Pupil Personnel Services	17,409,128	16,771,278	(637,850)	-3.66%
Instructional Media Services	4,731,598	4,190,186	(541,412)	-11.44%
Instr./Curr. Development Services	4,788,840	4,442,842	(345,998)	-7.23%
Instructional Staff Training Services	2,016,562	2,099,318	82,756	4.10%
Instructional Technology		1,130,483	1,130,483	
Board of Education	1,020,855	823,773	(197,082)	-19.31%
General Administration	1,822,981	1,753,445	(69,536)	-3.81%
School Administration	22,827,810	24,131,143	1,303,333	5.71%
Facilities Acquisition & Construction	2,765,910	2,446,308	(319,602)	-11.56%
Fiscal Services	2,555,712	2,152,661	(403,051)	-15.77%
Central Services	9,345,084	12,530,763	3,185,679	34.09%
Pupil Transportation Services	12,006,611	13,235,250	1,228,639	10.23%
Operation of Plant	28,677,455	29,601,600	924,145	3.22%
Maintenance of Plant	10,243,141	9,772,313	(470,828)	-4.60%
Administrative Technology Services	6,414,524	6,959,339	544,815	8.49%
Community Services	3,104,887	3,316,683	211,796	6.82%
Debt Service		-	-	
SUB-TOTAL	383,057,636	389,095,710	38,074	1.58%
Transfer to Internal Service Funds	-		-	
TOTAL TRANSFERS & RESERVATIONS	-	-	-	
Unappropriated Fund Balance	14,000,000	12,000,000	(2,000,000)	-14.29%
TOTAL TRANSFERS AND FUND BALANCE	14,000,000	12,000,000	(2,000,000)	-14.29%
TOTAL APPROPRIATIONS/EXPENSES	397,057,636	401,095,710	4,038,074	1.02%

Required to Maintain 3%

3.1%

Board Publicly Expressed Desire to Maintain 5%

Financial Overview
2016/2017 Budget

- Budgeted 3% Salary Enhancement Package for all Staff
  - $5,100,000 MEA Teachers
  - Employee Roster – Spring 2016
  - Use the same numbers throughout the negotiations process
- Premium Contributions to Health Insurance Fund
  - ~ $32 million
- Budgeted to end at $12,000,000 – 3.1%
  - $11,625,198 (3%)
  - Including FEFP 3rd Calc. Adjustment
  - $2 million reduction of fund balance from FY 2016

Negotiations Overview

- October 2015
  - MEA Agreed to work with District through the Health Insurance Committee to reduce health care costs – Language incorporated in contract
- February 2016
  - Health Insurance Committee (HIC) voted unanimously on a plan
  - Defined Contribution – all enrolled employees benefited equally
  - Four tiered plan more closely aligned premiums with costs
- June 2016
  - MEA members of HIC reconsidered their position on the agreed plan
  - District compromised – additional $4.6 Mil to premiums
    - Reduced amount available for salary enhancements
    - Not defined contribution
    - Shifted more premium burden to tiers w/o spousal coverage
- July 2016
  - "Not Accepted" by MEA Bargaining Unit
  - Health Insurance Committee voted unanimously on a compromise plan
    - Further shifted premium burden to tiers w/o spousal coverage
- October 2016
  - MEA Teachers failed to ratify salary and benefits plan
    - Returned with counter proposal
  - MEA – Para-professionals and AFSCME ratified similar salary packages with the same health insurance plan

The Health Insurance Committee is comprised of 9 voting members, 3 of which are MEA representatives (1/3). Two members are from the AFSCME bargaining unit and 4 members represent management and non-bargaining staff.

Health Insurance Plan Highlights

Active Enrollment	Bronze	Silver	Gold	Total	
EE Only	510	1236	526	**2272**	52%
EE +Child(ren)	123	222	59	**404**	9%
EE + Spouse	116	332	139	**587**	14%
Family	323	633	151	**1107**	25%
Total	**1072**	**2423**	**875**	**4370**	

- 61% of Staff would see no change or a reduction in premiums
  - 60% of MEA Teachers
- 39% would see increases due to spousal coverage
- Shifting the premium burden to those tiers w/o spousal coverage indirectly increases the take-home pay of those members who insure a spouse.
- ~1,700 District employees are not eligible or do not subscribe to health insurance
  - Funneling $4.6 M into the fund took money out of their pocket in the form of foregone pay raises
- Reducing health premiums at the cost of pay increases eventually affects individuals retirement earnings.

TA'd Salary and Benefits Package
(Failed to Ratify)

Initial Reserve for Enhancements			
	MEA - Teachers	5,100,000	
Amount Allocated to Health Insurance			
	MEA - Teachers	2,806,000	61% of 4,600,000
Amount Available for Salary Enhancements			
	MEA - Teachers	2,294,000	
TA'd Package			
	Health Insurance Allocation	2,806,000	
	Teacher Salary with Longevity	2,703,575	
		5,509,575	4.3% Total Pkg.
	Deficit	(409,575)	

All values are based on estimates using the best data available at the time of negotiations.

TA'd vs. Counter
Salary and Benefits Package

(in Millions)

	TA'd Package	MEA Proposal		
Initial Reserve for Enhancements				
MEA - Teachers	5.1	5.1		
Amount Allocated to Health Insurance				
MEA - Teachers	2.8	3.8	(0.9M)	
Amount Available for Salary Enhancements				
MEA - Teachers	2.3	1.3		
Totals				
Health Insurance Allocation	2.8	3.8		
Teacher Salary with Logevity	2.7	4.6	(1.9M)	6.6% Total Pkg.
	5.5	8.4	(2.9M)	
Deficit	(0.4M)	(3.3M)		

Summation

- District financial resources are limited
  - Pay packaged exceeded amount of new funding and required a reduction in general fund balance
- District teacher salaries are market competitive
  - Compensation Professional will present his study
- Health Insurance Fund is actuarially unsound
  - Aon will present specific data
- Accepting the MEA's proposed package would reduce the GF balance to ~ 2.4% and subject the District to potential State oversight measures