

LITCHFIELD CUSD NO. 12
FINAL OFFER DECEMBER 12, 2012 – PACKAGE PROPOSAL

The Board of Education of the Litchfield Community Unit School District No. 12 submits this final offer to the Litchfield Education Association, IEA-NEA, in accordance with the procedures contained in the Illinois Educational Labor Relations Act. This offer includes tentative agreements that have been reached by the parties during 6 bargaining sessions, including one session on November 19, 2012, which included a Federal Mediator. The LEA declared impasse on December 5, 2012. **The one remaining unresolved issue is a salary increase for the teachers during the 2012-2013 school year.** This offer provides a contract proposal that includes the best possible situation for the district and our teachers considering the financial crisis we are facing.

Proposal	
Salary	<ul style="list-style-type: none"> • This contract will be in effect for the 2012-2013 school year. • The teacher salary schedule will remain the same as the 2011-2012 schedule. • Vertical step increases (e.g. experience increases) will not be granted for the 2012-2013 school year. • Any teachers who qualify for lane advancement through advanced graduate-level coursework based on the 2011-2012 salary schedule. Cost to District: \$6,375 (3 teachers) • 16 teachers who have submitted irrevocable letters of retirement will receive the Retirement Benefit (6% salary increase annually) as outlined in the collective bargaining agreement. Cost to the District: \$71,909.29 (16 teachers)
Benefits	<ul style="list-style-type: none"> • Teachers will continue to receive 100% of each individual's health and life insurance premiums paid by the district for the 2012-2013 school year. Cost to the District: \$489.06 monthly per teacher. Cost to the District: \$487,103.76 • Teachers will continue to receive 15 paid sick days and 2 paid personal days per year. • Teachers will continue to receive full tuition reimbursement for completion of graduate coursework (BS+16, MS, MS+16, MS+32).

Cost Summary

The following is a summary of the salaries paid by the Board of Education for the teachers employed by the District during the 2012-2013 school year. To ensure an “apples to apples” comparison, this cost summary of the Board’s proposal focuses only on teachers who were employed in the District both last year and this year, to show the actual effect in year-to-year terms for the returning teachers under the Board’s offer. This cost summary compares teachers’ salaries paid to the District’s teachers during the 2011-2012 school year, compared to the amount offered by the Board of Education for these **same teachers** during the 2012-2013 school year. Teachers who retired or were non-renewed last year receive no raise this year and are not included. Seventy-eight (78) teachers are returning for the 2012-2013 school year who worked for the district during the 2011-2012 school year.

Total Cost of Proposal

The Board’s proposal maintains the payment to sixteen (16) teachers who are participating in the District’s Retirement Benefit which removes these individuals from the salary schedule and pays them an annual increase of 6% over their previous year’s credible earnings.

Total Salary Increase for the Retirement Benefit program: \$71,909.29 (16 teachers)

Additionally, the Board’s proposal recognizes the advanced coursework and degrees obtained prior to the 2012-2013 school year. This includes lane advancement for additional graduate hours and degrees as outlined in the collective bargaining agreement.

Total Salary Increase for Lane Advancement: \$6,375 (3 teachers)

TOTAL SALARY INCREASE FOR ALL TEACHERS RETURNING FROM PREVIOUS YEAR: \$78,284.29

- Average Increase for each of the 78 returning teachers: **\$1,003.64 per teacher**
- Average raise for each of the 78 returning teachers: **1.23% per teacher**

Rationale

- The financial landscape has changed dramatically since the last contract was signed with the LEA on October 9, 2007. Like most Illinois school districts, this is a revenue issue. In the last three years, the state has cut the District’s general state aid by **\$767,200**. The District’s EAV has also decreased a total of \$3,928,085 in the last two years. This has resulted in a loss of an additional **\$86,417** to the Education Fund during the last two years as well.
- To offset this massive loss of revenue, the Board approved reductions of \$450,200 prior to the 2010-2011 school which were carried through the 2011-2012 school year. An additional \$508,085 in reductions were made by the Board prior to the current school year.

- The district's inability to capture adequate revenue has resulted in the Education Fund ending fund balance dropping from a high of \$4,781,363 on June 30, 2010, to \$1,664,468 on June 30, 2012. This loss represents a 65% decrease in fund balance. While \$1,664,468 may seem like a large sum of money to the average citizen in Litchfield, this balance would only cover 16% of our total budgeted Education Fund expenses (\$10,556,235) for the 2012-2013 school year. Based on our 2012 audit, the district could only survive 103 days with our cash-on-hand which includes this \$1,664,468. That is not acceptable to the Board or the State.
- This dramatic decrease in fund balances has resulted in the district's receiving a Financial Profile Score of **EARLY WARNING**, the second lowest financial profile ranking, for FY 2012. The District had received FINANCIAL RECOGNITION, the highest level of ranking, since 2005. Times are simply different.
- As a whole, the Board's total proposal works out to an average raise of **1.23%** per teacher for each of the 78 returning teachers. The Board believes this increase is more than fair for Montgomery County which had the highest unemployment rate in Illinois during the most recent October, 2012, reporting period.
- Teacher salary increases ranged from **15% to 33.85%** over the five-year term of the last contract (2007-2008 to 2011-2012). By comparison, the total Consumer Price Index Inflation calculator showed a total increase of **7.44%** over that same five-year period. Our teachers were well compensated when the District had the money to do so.
- The **LEA's final offer** (3% in addition to a step increase on the salary schedule) would result in teacher raises for the 2012-2013 school year ranging from **\$1,845 to \$3,503**. With the required salary step increase, the total raises would range from **3.0% to 7.12%**. The total cost to the district would be **\$253,286**. The LEA's desire for raises of that size is neither realistic nor fiscally responsible, and the Board of Education simply cannot agree to such requests during such difficult financial times.