

**Red Hill Community Unit School District No. 10
Most Recent Offer and Cost Summary
October 12, 2016**

RECEIVED
OCT-14 2016
ILLINOIS EDUCATIONAL LABOR
RELATIONS BOARD • CHICAGO

BACKGROUND

The Red Hill Community Unit School District No. 10 Education Association (“RHEA” or “Association”) is party to a collective bargaining agreement (“Contract”) with the Red Hill Community Unit School District No. 10 Board of Education (“Board” or “District”) which covers the District’s teachers and which expired June 30, 2015. Prior to the expiration of the Contract, the Illinois Educational Labor Relations Board ordered the addition of the District’s cooks and custodians into the bargaining unit. Collective bargaining over the terms and conditions of adding the cooks and custodians into the bargaining unit began April 28, 2014 and continue to the present. On or about January 14, 2015, the Board gave the RHEA a written demand to bargain a successor to the Contract and the Board of Education and Association began bargaining a successor to the Contract on July 27, 2015 and this bargaining essentially folded into the cooks and custodian bargaining and continues to the present.

During the many meetings over many more hours, with and without the assistance of a Federal Mediator, the parties have remained dedicated to the process of collective bargaining, worked on many issues and have been able to make tentative agreement on all working condition--language issues and all economic issues with the exception of salaries and wages for the District’s teachers, cooks and custodians.

For the 2014-2015 school year and continuing to the present, the status quo has been maintained by District concerning wages and other terms and conditions of the cooks and custodians’ employment and their wages have been frozen at the fiscal year 2014 rates (Note: cooks and custodians were permitted to move toward their full rate of pay if applicable) and the teachers earned an average 4% raise under the Contract.

For the 2015-16 school year the teachers, cooks and custodians worked without a contract or salary increase and continue to work without a contract or salary increase (Note: with the exception of those teachers who are guaranteed a 6% increase as a retirement incentive and those cooks and custodians who are advancing toward full wage rate). Any wage increase the Board agrees to provide is income in the year in which it is paid, meaning that any wage increase would be counted as 2016-17 wages and not wages for a prior year(s).

For over 20 consecutive years, the Board of Education has been able to provide employees a salary increase. However, the District has not been immune from the devastating effects of the State of Illinois’ K-12 funding and overall economic crisis. From 2010 School Year to 2016 School Year, the State has prorated State Aid paid to the District, which means that for those 7 years, the District lost a total of \$2,238,568.61. To make matters worse, because of findings by the District’s Auditor, the District’s fund balances were adjusted to be negative at the end of fiscal year 2014 and fiscal year 2015. The end of year Fund Balances, despite modest improvement, remain at 30% of what is required for fiscal improvement. Here are the last four years of the District’s fund balances:

| | Audited Fund Balance June 30, 2013 | Audited Fund Balance June 30, 2014 | Audited Fund Balance June 30, 2015 | UnAudited Fund Balance June 30, 2016 |
|--------------------------------|---|---|---|---|
| Education (10) | \$565,780.00 | -\$40,203.00 | \$96,371.00 | \$481,791.00 |
| O&M (20) | -\$171,724.00 | -\$70,394.00 | -\$22,236.00 | \$167,568.00 |
| Transportation (40) | -\$190,636.00 | -\$99,583.00 | \$10,371.00 | \$84,911.00 |
| Working Cash (70) | \$267,940.00 | \$132,936.00 | \$159,093.00 | \$186,150.00 |
| Total | \$471,360.00 | -\$77,244.00 | \$243,599.00 | \$920,420.00 |

The Board remains committed to continuing to provide an excellent learning environment by committing resources for academics and extracurricular programming for its students, while protecting the financial future of the district, and offering as fair and reasonable compensation package that recognizes the contributions provided by District's teachers, cooks and custodians as circumstances permit.

The District's economic circumstances appear uncertain at the very best. The District is funded primarily by local tax revenue and state aid based upon a per pupil amount. District enrollment has been declining:

| Red Hill End of the Year Enrollment | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | Beginning FY17 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------|
| Without Preschool/ECE | 1125 | 1102 | 990 | 966 | 940 | 967 | 929 |
| Average Daily Attendance Percentage (Best 3 Months) | 958.31 | 974.73 | 974.47 | 932.88 | 912.71 | 915.27 | |

For state aid the math is simple: enrollment increases, state aid increases; enrollment decreases, state aid decreases. If the State pays. The State has not made good on many of the payments promised school districts. That continues to this day. For example, the District remains owed nearly \$83,000 in Transportation reimbursement from fiscal year 2016—usually paid annually in July. The District is also owed \$63,752 special education reimbursement from fiscal year 2016. Without these funds, the District will be forced to move funds out of the Education Fund to fund the Transportation shortfall and be closer to having to borrow to meet operational expenses. The only certainty is continued fiscal uncertainty.

The local tax base and general economic climate of the District is no better. The District has been impacted recently with a loss of jobs, which could prove to reduce EAV if land value goes down because of the oil market. In August, one of the area's largest oil employers laid off 24 employees. Lawrence County Health Department employees have had a pay freeze for two years. This year their employees will receive a 1.5% cost of living raise. We believe that the board's proposal reflects the overall financial climate of the community.

The Board must build and then maintain sufficient fund balances that will protect the District against borrowing to meet operational expenses, while planning on how to make up for likely revenue shortfalls from the state due to the state's poor financial condition and a reduction in General State Aid due to declining District enrollment.

As part of a deficit reduction plan over the past two years, the District had to eliminate the following positions in order to have a balanced budget: reduce from four teachers to three teachers for the following: kindergarten through sixth grade, social worker, assistant coaching positions, paraprofessional positions, club sponsors, reduced high school science and English positions, one district art teacher, one elementary music teacher, one junior high school physical education teacher. The District also cut all athletic budgets and extra curricular expenses. A Spanish teaching position remains vacant and needs to be filled.

The goal is to reach a position of financial stability to be able to restore many of these important positions and program needs, provide the staff fair and reasonable compensation and at the same time increase the District's fund balances so that the District has at least 15-20 percent of the annual expenditures in each fund. Thus, the district should have a minimum of \$1,528,168 in reserves in the 4 operational funds (Education, Operation and Maintenance, Transportation, and Working Cash).

Explanation of a Teacher's Salary Schedule:

The Red Hill CUSD #10 Teacher's Salary schedule is a vertical and horizontal matrix that has three built-in opportunities for pay increases:

- Base Increase - a defined increase to the starting teacher salary that increases every other salary.
- Step Increase – a defined increase that a teacher receives when they advance to the next step, historically after each year of employment.
- Lane Movement – a defined increase that a teacher receives upon completion of approved graduate coursework.

Explanation of Cook and Custodian compensation:

Cooks and Custodians are employed on the following progressive scale to full wage rate:

| | | | | |
|----------------------------|----------------------------|----------------------------|----------------------------|---|
| 1st year | 2nd year | 3rd year | 4th year | 5th year and thereafter |
| 80% | 85% | 90% | 95% | 100% |

Average District Salaries per Category

| Category | Average Salary | Average Number of Work Hours Per Day | Number of Work Days |
|------------|----------------|--------------------------------------|-------------------------------|
| Teacher | \$44,628 | 7.75 | 180 |
| Custodians | \$35,671 | 8 | 260 (One Custodian Works 220) |
| Cooks | \$17,895 | 6 | 176 |

*Teachers – Hours stated are the contract hours, many teachers work over their contracted hours.

BOARD’S CURRENT OFFER:

Agreement on all Tentative Agreements.
New money items from TA’s:

For 16-17 forward:
Cooks’ professional license paid \$900.00
Cooks’ additional personal day for a total of 3: \$580.51

TA’d benefits (status quo):
Teachers continue to receive 12 sick days and 3 personal days.
12-Month Custodians receive 15 sick days, 3 Personal days, and up to 20 vacation days (depending on years of service). 12-Month Custodians continue to receive reimbursement at their daily rate for unused vacation days.
12-Month Custodians also receive 12 paid holidays.
Cooks and Custodians who work over 6 hours a day receive a paid 30-minute lunch.

No additional compensation for 2014-15 or 2015-16 except increase insurance to \$692/month to be applied as current year benefit for Cooks and Custodians.

No additional compensation for 2015-16 except increase insurance to \$692/month to be applied as current year benefit or added for Teachers.

For 2016-17, increase insurance to \$695/month, permit Teachers to advance a Step on the salary schedule (\$715) that exists from the expired Contract and increase Cooks and Custodian wages by 1.5%.

COST SUMMARY OF CURRENT BOARD OFFER:

| | |
|---|---------------------|
| Cooks and Custodian Salary Total | \$416,840.96 |
| FY17 Insurance \$695 | \$116,760.00 |
| FY16 Insurance \$692 | \$5,376.00 |

*In FY16 received \$660 for insurance, FY16 total is new monies.

| | |
|-----------------------------|-----------------------|
| Teacher Salary Total | \$2,966,552.58 |
| FY17 Insurance \$695 | \$467,040.00 |
| FY16 Insurance \$692 | \$21,504.00 |

*In FY16 received \$660 for insurance, FY16 total is new monies.

Board Proposal Cost Total for FY17 \$3,995,554.05

The total cost of the proposal encompasses 52% of the operating fund revenues.

SUMMARY:

The District is fortunate that there is a good relationship between the Board of Education and the RHEA and there has been no work stoppage by either party. While cooks and custodian wages have been maintained at status quo since 2014-15, and the teachers' salaries have been maintained at status quo since 2015-16 pending this current collective bargaining, all other fringe benefits have also been maintained and the District has tentatively agreed to increasing the District's monthly health insurance contribution at a cost of \$26,880 as part of its current offer. During this period of time the Board of Education has been able to slowly move away from financial catastrophe and toward financial stability. The Board's current offer continues to move the District toward the goal of financial stability while continuing to provide employees with an increase in compensation.