

Waukegan

Community Unit School District #60

Most Recent Offer* for the 2013-14 Teachers' Contract

*Corrected Version
February 25, 2014*



* Pursuant to State law, following a declaration of impasse, the parties are to submit their most recent offers to the Illinois Educational Labor Relations Board. The adjective “most recent,” however, is simply a statutory term used within the limited context of State law. It is not the intent of this most recent offer to indicate an unwillingness on the part of the Board of Education to continue negotiations toward an agreement.



Negotiations Update

- The contract between the Board of Education and the Teachers' Union expires on June 30, 2014.
- During the 2013-14 school year, the representatives for the Board of Education and the Teachers' Union have been negotiating salary and health care benefits as part of total compensation for the third year of the current contract.
- Negotiations began in May, 2013, and have been ongoing until the time the Union called an impasse on February 4, 2014.



Philosophy of Negotiations

District 60 engages in contract negotiations with all of its Unions with the explicit intent of collaboratively reaching an agreement that benefits both parties, while still maintaining long-term financial stability for the educational programs of the District.



The Realities and Benefits of Being a Unit District

- Waukegan CUSD 60 is a unit school district, representing all students in grades pre-K-12 in a defined geographic area.
- High school districts (those that only serve grades 9-12) typically pay teachers according to a higher salary schedule.
- A standardized salary schedule adds a layer of complexity that makes comparisons difficult. For example, unit districts can pay pre-K-8 teachers more than they might receive in an elementary-only district.



DISTRICT FINANCIAL PICTURE



The Board Must Plan for Financial Uncertainties

- Limitation of property tax revenue and declining Equalized Assessed Valuation (EAV)
- Failing economic status of the State of Illinois
- Reduction of State reimbursements for student transportation costs
- Proration level of General State Aid
- Reduction of federal funding
- Declining state reimbursement for categorical costs such as special education
- Five additional labor agreements that must be negotiated



School Funding 101

- The Education Fund pays Teachers' salaries.
- The Operation & Maintenance Fund supports facilities.
- The Transportation Fund is used to transport students.
- The Working Cash Fund is the savings account to manage cash fluctuations in all accounts.

The chart on the following page reflects the net amount of each fund at the end of the school year (actual or estimated).



Financial Trends

Overview of ending fund balances from 2009-13

Fiscal Year	Education	Operations & Maintenance	Transportation	Working Cash	Totals
FY2008-09	\$(12,358,920)*	\$(1,118,497)	\$(11,633,967)	\$22,225,018	\$(2,886,366)
FY2009-10	\$(12,379,339)	\$164,098	\$(12,062,869)	\$23,894,975	\$(383,135)
FY2010-11	\$1,257,718**	\$4,084,501	\$(10,969,322)	\$24,143,981	\$18,516,878
FY2011-12	\$12,107,694**	\$5,610,214	\$(9,566,281)	\$25,112,324	\$33,263,951
FY2012-13	\$9,946,278	\$4,732,135	\$(2,705,261)	\$25,516,337	\$37,489,489
FY2013-14 (estimate)	\$2,184,692	\$74,511	\$1,034,148	\$25,859,780	\$29,153,131

*Negative numbers are shown in parenthesis

** Increase because of Federal ARRA "Stimulus" funds in the amount of \$36.8M over three years 2009-2011



\$25.8M in Working Cash – Why not give the teachers a bigger raise?

- The Working Cash Fund (WCF) is similar to an individual's savings account.
- WCF is used to pay for unexpected expenses, or during times when State payments are delayed or eliminated, or when other revenue sources do not fulfill their commitment in a timely manner.
- The use of Working Cash Funds is heavily restricted and regulated.
- WCF is not intended to be used for recurring expenses such as salaries.



The Board is Committed to Maintaining a Fund Balance

- The District's fund balance policy seeks to maintain no less than 25% of annual expenditures in each fund, representing approximately 90 to 140 days of operation.
- The Board is committed to not using the fund balance for recurring expenses, such as salaries; however, fund balances have been used for one-time, non-recurring expenditures.
- Maintaining a minimum fund balance guards against fiscal uncertainties and enhances the financial stability of the school district.
- A healthy fund balance and competitive salaries are not mutually exclusive.



District Recognitions Received for Fiscal Responsibility

- Increase in Credit Rating from Standard & Poor's Ratings Services to an "A" from "A-" - 2013
- "Meritorious Budget Award" awarded by the Association of School Board Officials International- 2010, 2011, 2013
- "Certificate of Excellence in Financial Reporting" awarded by Association of School Board Officials International – 2007, 2008, 2009, 2010, 2011, 2012
- "Distinguished Budget Presentation Award" awarded by the Government Finance Officers Association- 2013
- "Recognition for Budget Preparation" awarded by the Government Finance Officers Association- 2013



Impact of Equalized Assessed Value (EAV)

The principal sources of revenue for a school district are Real Property Taxes and General State Aid.

Tax Year	Equalized Assessed Value
2009	1,137,378,540
2010	1,030,993,467
2011	888,117,186
2012	722,278,947
2013 (Estimate)	625,000,000



The Equalized Assessed Value of property within Waukegan has declined as noted in the chart above. The amount of Property Tax revenue has reduced significantly over the past four years. The declining tax base limits the amount of funds that our school district receives via tax collection to support district operations and education.



Health Care

- The Board has provided 100% single health care to all of its employees. Employees who have dependent health care pay a portion of the premiums.
- Despite escalating health care costs, the Board has absorbed approximately 86% of the overall health insurance costs; whereas employees contribute approximately 14%. Insurance rates are rising nationally at a rate of approximately 8.3% a year. The District is not immune to these increases.
- If the District continues to pay 100% of the teachers' single premium, the Board's annual contribution will increase approximately \$650,000. Dependent coverage costs are also increasing.
- The Board can no longer sustain the subsidy it has historically provided.



BOARD PROPOSAL



Proposal Summary

- All teachers would receive a salary increase of 2.30 %, retroactive to July 1, 2013 applied to all cells on the salary schedule (no step or lane adjustments).
- Contributions to Single Health Care Insurance.
 - Every teacher who accepts single insurance only would pay \$10.00 per paycheck ($\10.00×24 paychecks = \$240.00 per school year).
 - Each teacher who accepts single health care coverage would begin to contribute to the ongoing increases in health care by paying for 50% of the increase. The 2014 increase for single coverage to be paid by the teacher is \$297.42 for PPO, \$238.62 for HMO, \$221.88 for Blue Advantage and \$223.98 for the High Deductible, annually.
- Contributions for Dependent Health Care Insurance Elections
 - Each teacher enrolled in dependent health care would contribute 35% to the cost of the increase in the premium, while the District would pay 65% of the increase. This increase would vary by plan. Those electing dependent coverage would not be required to make the single premium contribution.
- Provision to bargain over any penalties incurred by the District related to the Affordable Care Act.



Proposal Rationale

- All teachers would receive a salary increase of 2.30 % retroactive to July 1, 2013.
- A minimal cost sharing would be achieved between the employer and employee for escalating health care plan costs.
- This proposal allows District to remain financially solvent, and helps position the District to meet future financial challenges.



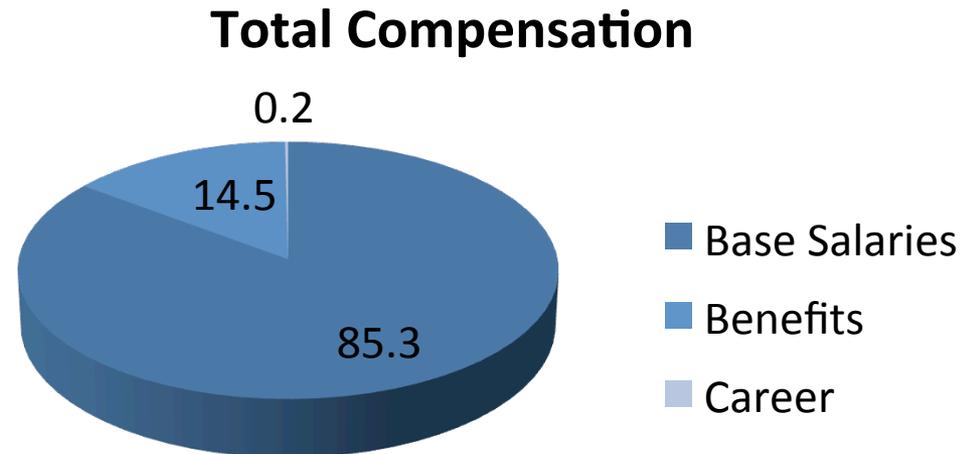
Total Compensation

Total compensation can be defined as all of the resources available to employees, which are used by the employer to attract, motivate and retain employees

Base Salaries -Fixed regular payment and Stipends for additional volunteer assignments

Benefits -Insurance, Retirement Contributions, Paid Time Off

Career Development -Tuition Reimbursement, Professional Development





Other Compensation Components in Contract

Other Compensation Items		Other Compensation Items	
Before School Stipends	\$79,661	Co-Curricular Club Stipends	\$282,072
Extra Class Stipends	\$470,820	Bus Duty	\$25,104
Lunch/Recess Duty	\$325,382	Lead Teacher Stipends	\$23,195
Team Leader Stipends	\$44,953	Class/Case Overload	\$8,802
PreK-5 Team Meeting Stipend	\$298,049	Curriculum Specialists	\$124,381
Professional Development Stipend	\$3,405	RTI Coach Stipend	\$48,394
Saturday School/Detention Center Stipends	\$19,328	Before/After School Tutoring	\$29,173
Classroom Parking/Moving Stipend	\$2,769	Special Education Workload Stipend	\$360,439
Consulting Teacher Pay	\$178	Coaching Stipends/Minor Official Payments	\$780,730
Tuition Reimbursement/National Board Certified	\$151,545		



SALARY COMPARABLES

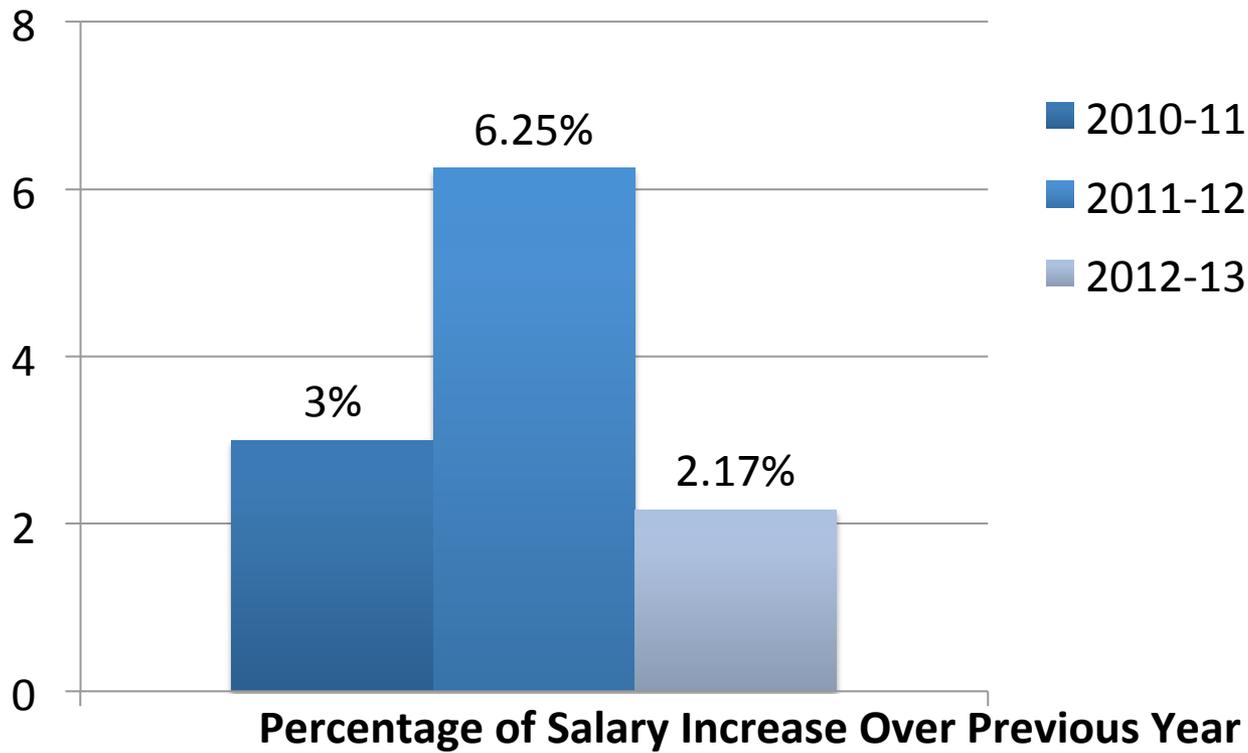
On the following charts, you will see how the salaries of District 60 teachers have changed over the past few years, and how they compare to similar districts. In identifying similar districts, we selected large unit districts with similar demographics from across the State.



Corrected Version February 25, 2014

Teacher Salary Percentage Increases for District 60 Teachers 2011-2013

Includes Step and Lane percentage increase in FY11-12 & FY12-13

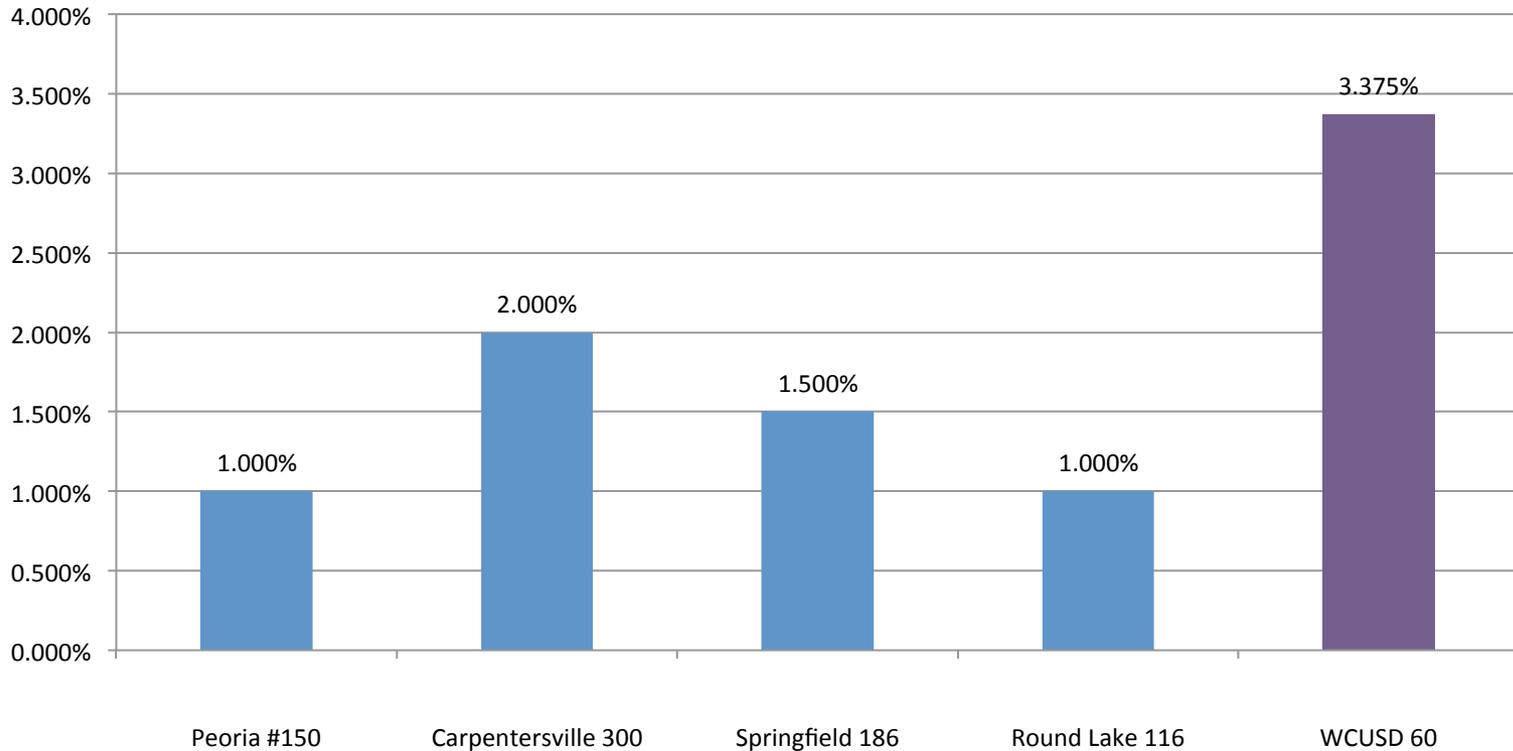




Comparison to LUDA Districts

Salary % Increases 2012-13

Data Sources: Illinois School Report Card and School Districts



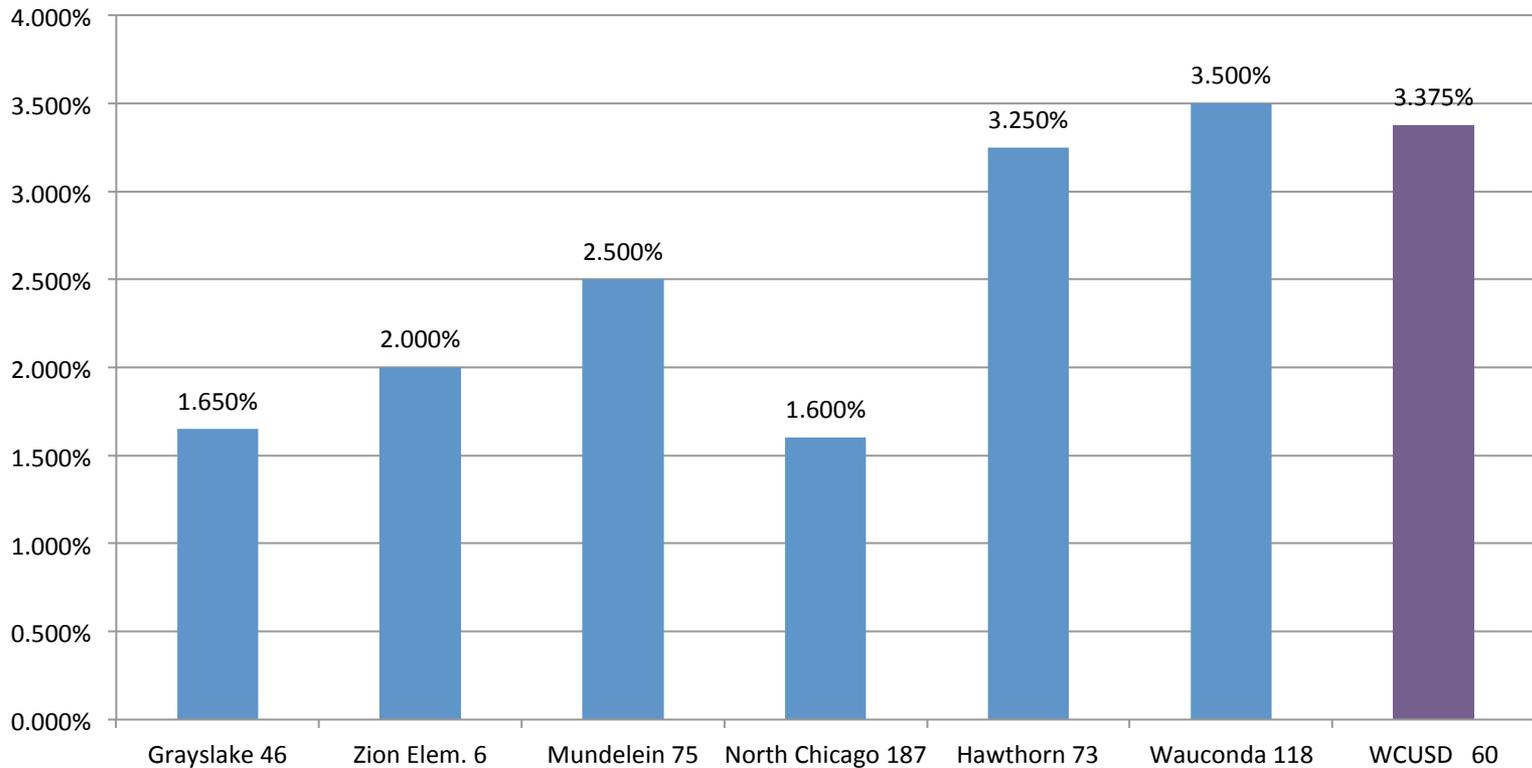
“A New Day...A New Way in Waukegan Public Schools...*students first!*”



Comparison to Local Districts

Salary % Increases 2012-13

Data Sources: Illinois School Report Card and School Districts



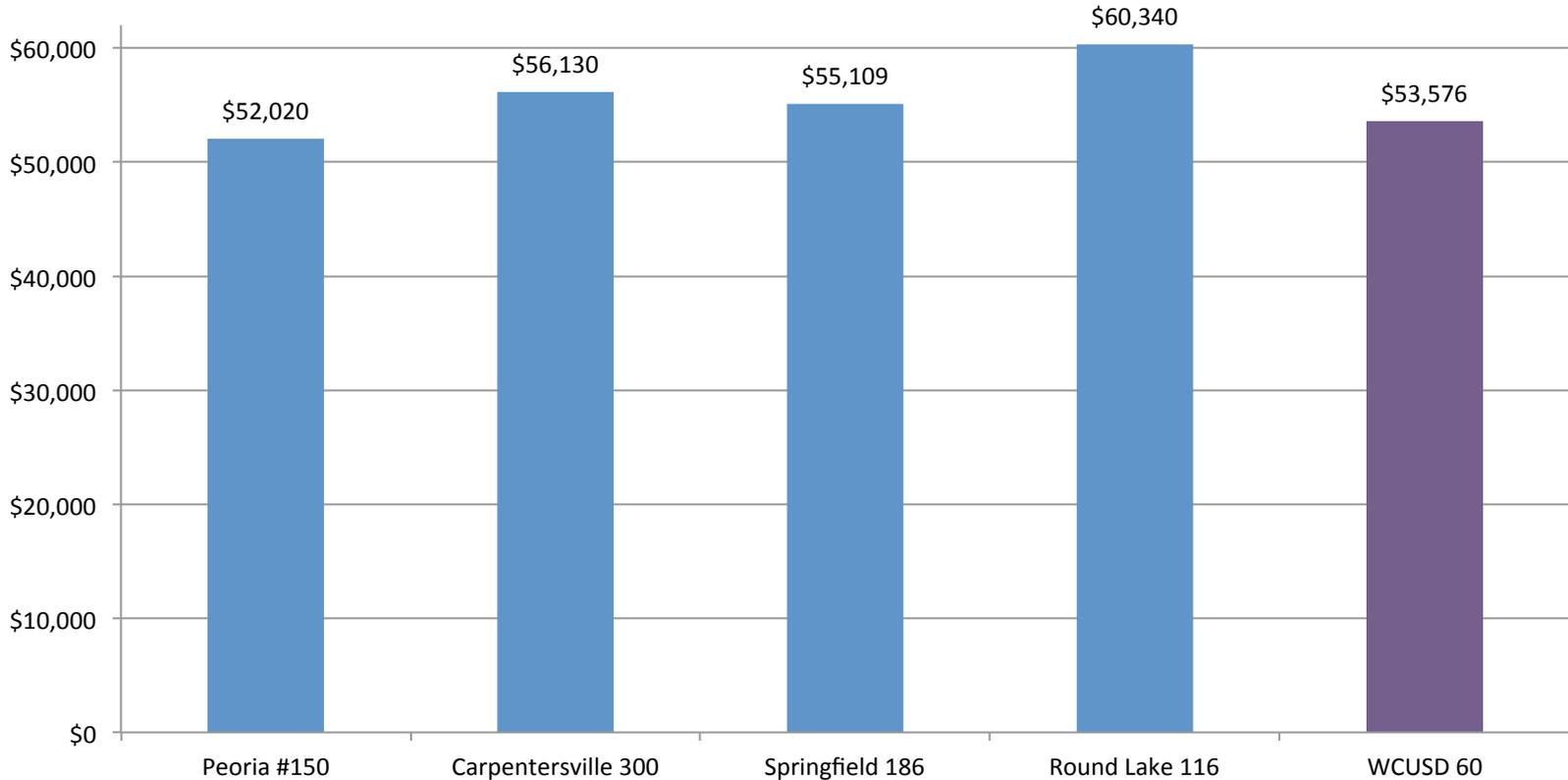
“A New Day...A New Way in Waukegan Public Schools...*students first!*”



Comparison to LUDA Districts

Average Teacher Salary 2012-13

Data Sources: Illinois School Report Card and School Districts



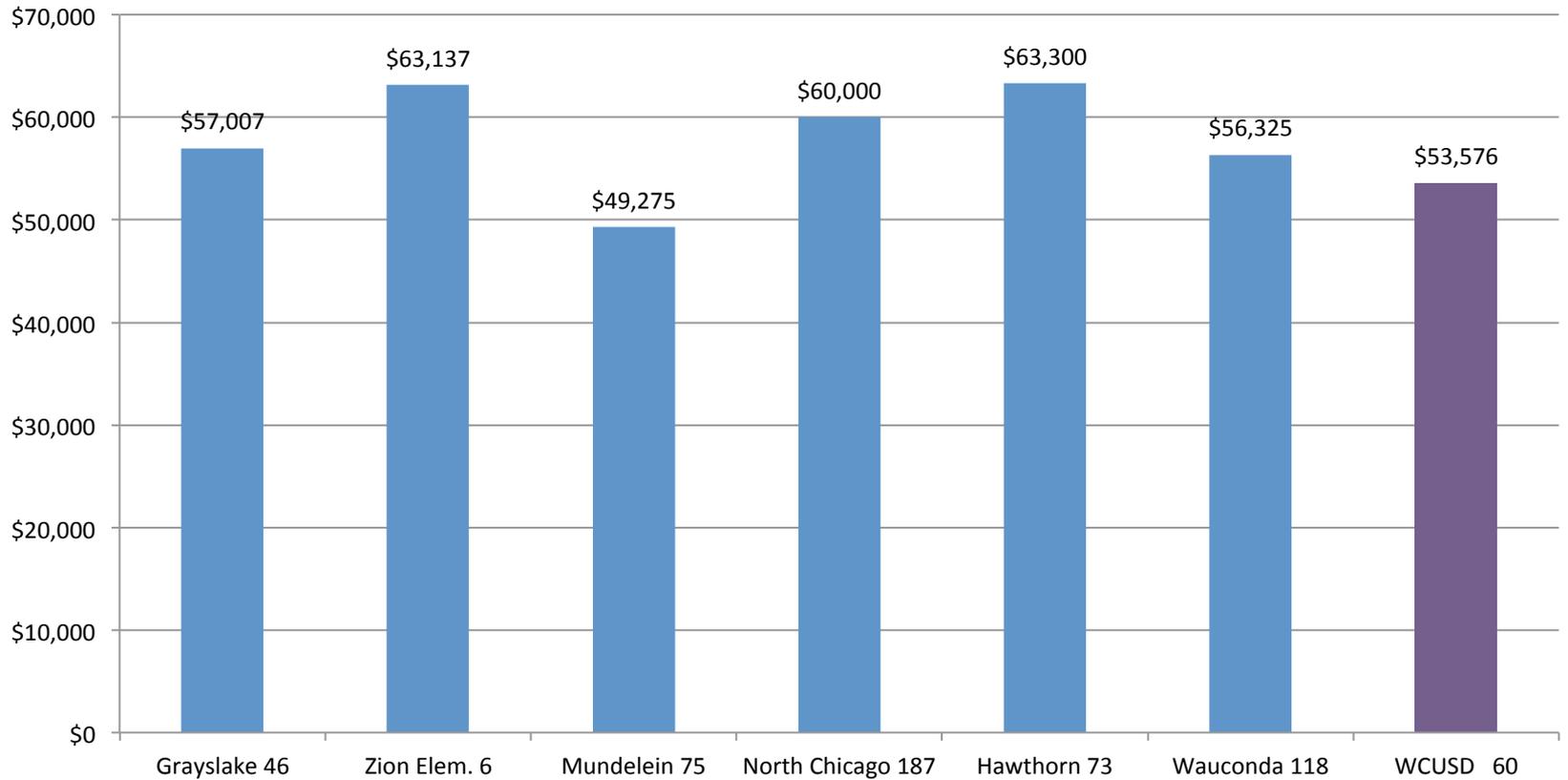
"A New Day...A New Way in Waukegan Public Schools...*students first!*"



Comparison to Local Districts

Average Teacher Salary 2012-13

Data Sources: Illinois School Report Card and School Districts



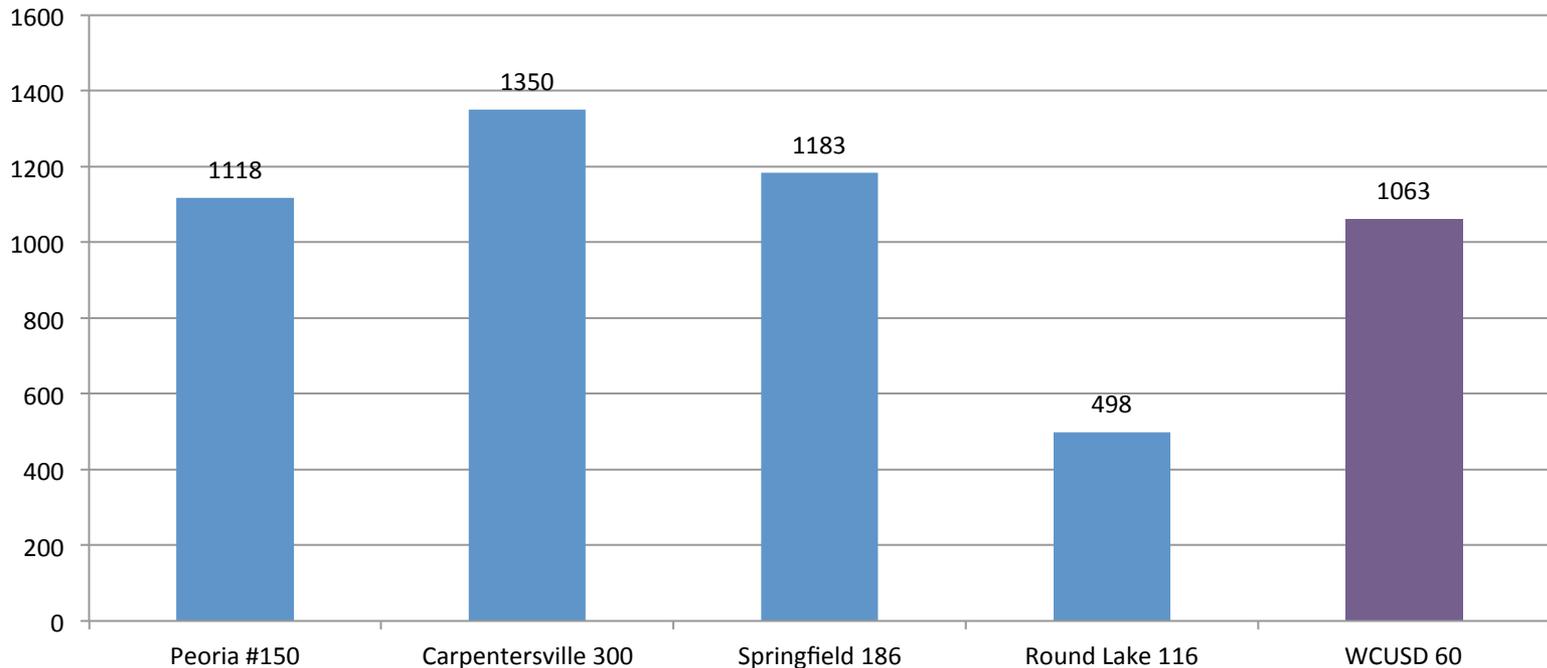
"A New Day...A New Way in Waukegan Public Schools...students first!"



Comparison to LUDA Districts

Number of Teachers 2012-13

Data Sources: Illinois School Report Card and School Districts



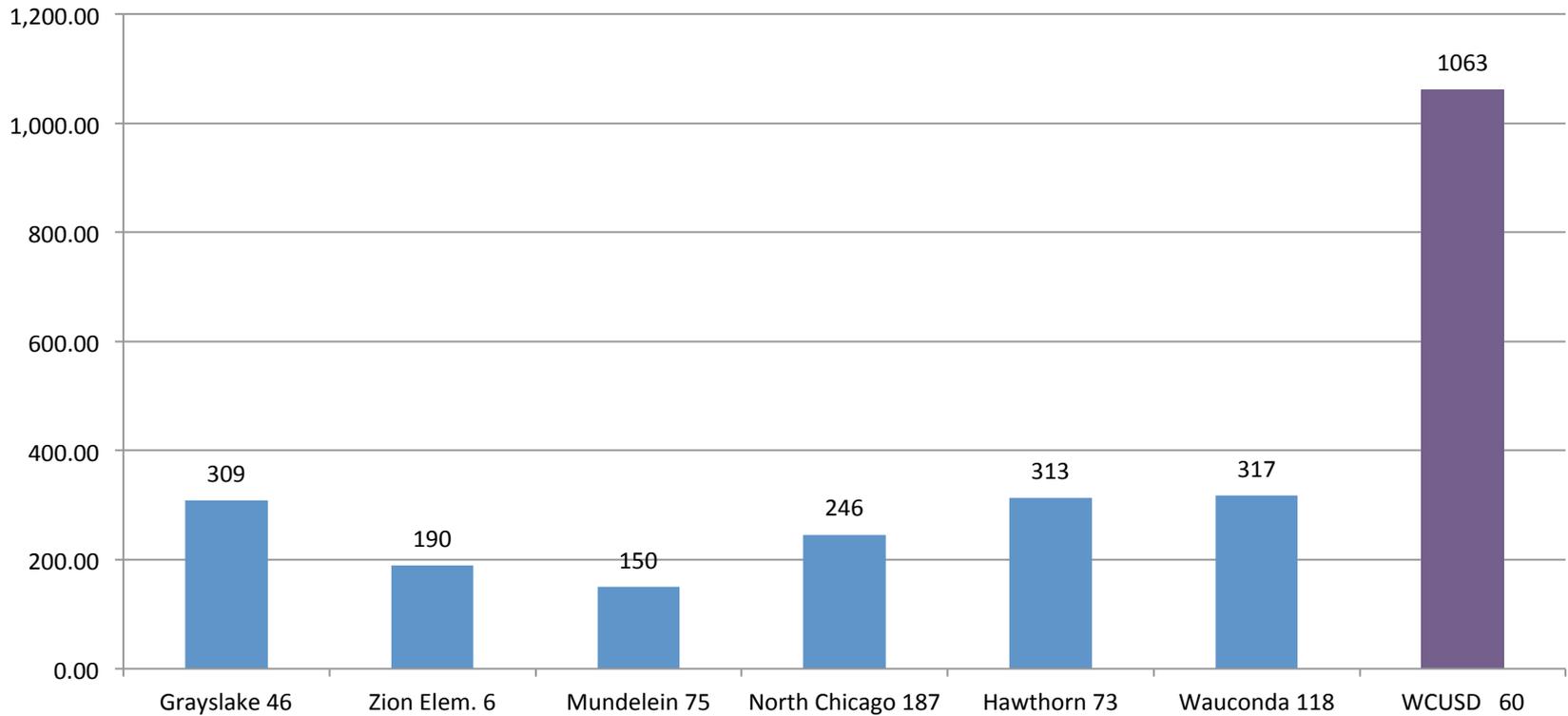
“A New Day...A New Way in Waukegan Public Schools...*students first!*”



Comparison to Local Districts

Number of Teachers 2012-13

Data Sources: Illinois School Report Card and School Districts

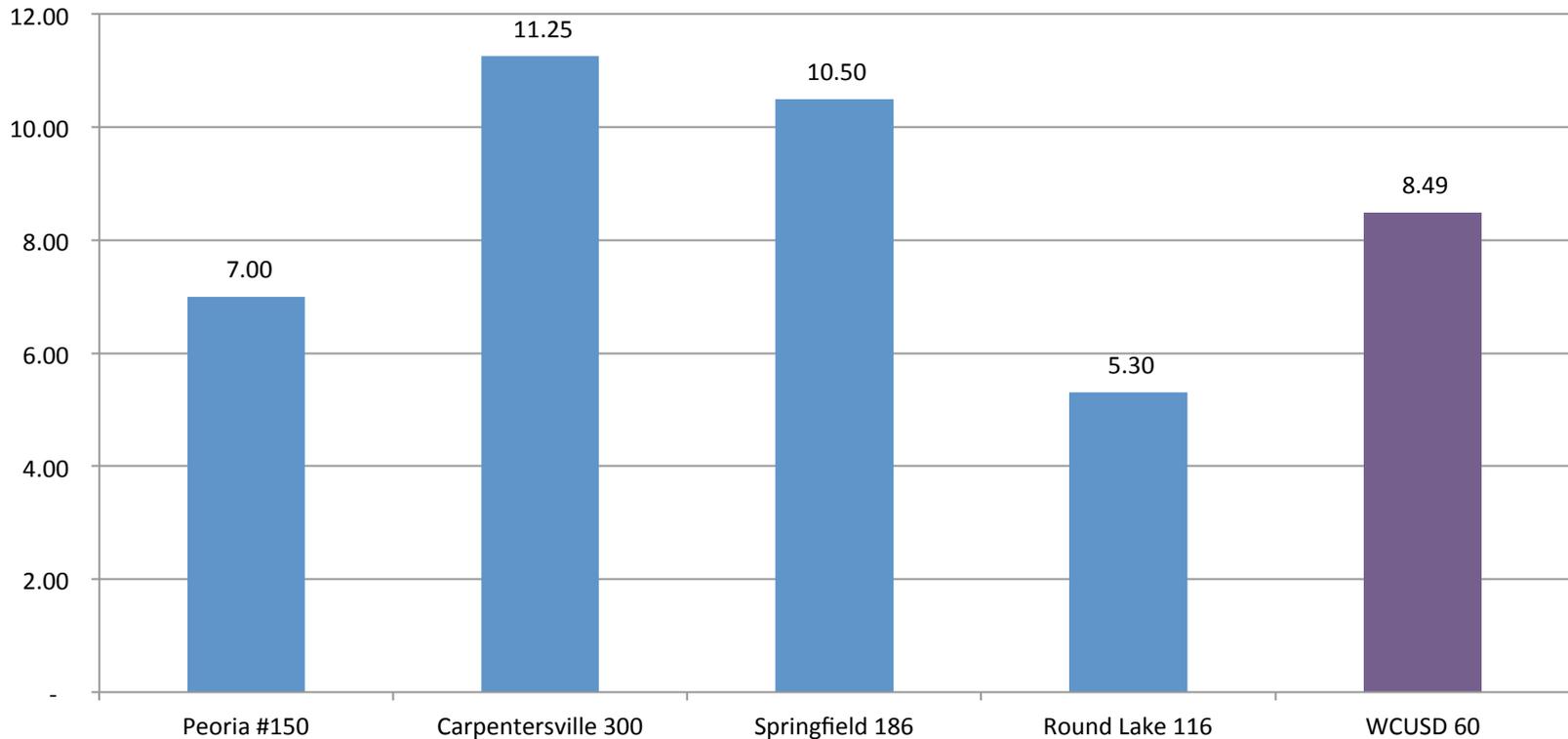


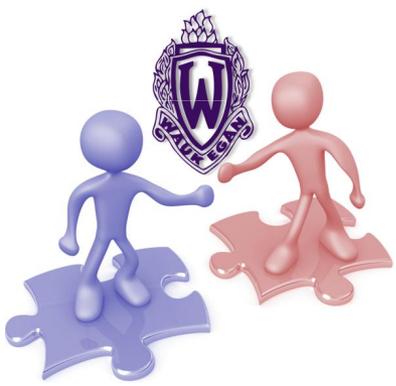


Comparison to LUDA Districts

Average Years of Experience 2012-13

Data Sources: Illinois School Report Card and School Districts

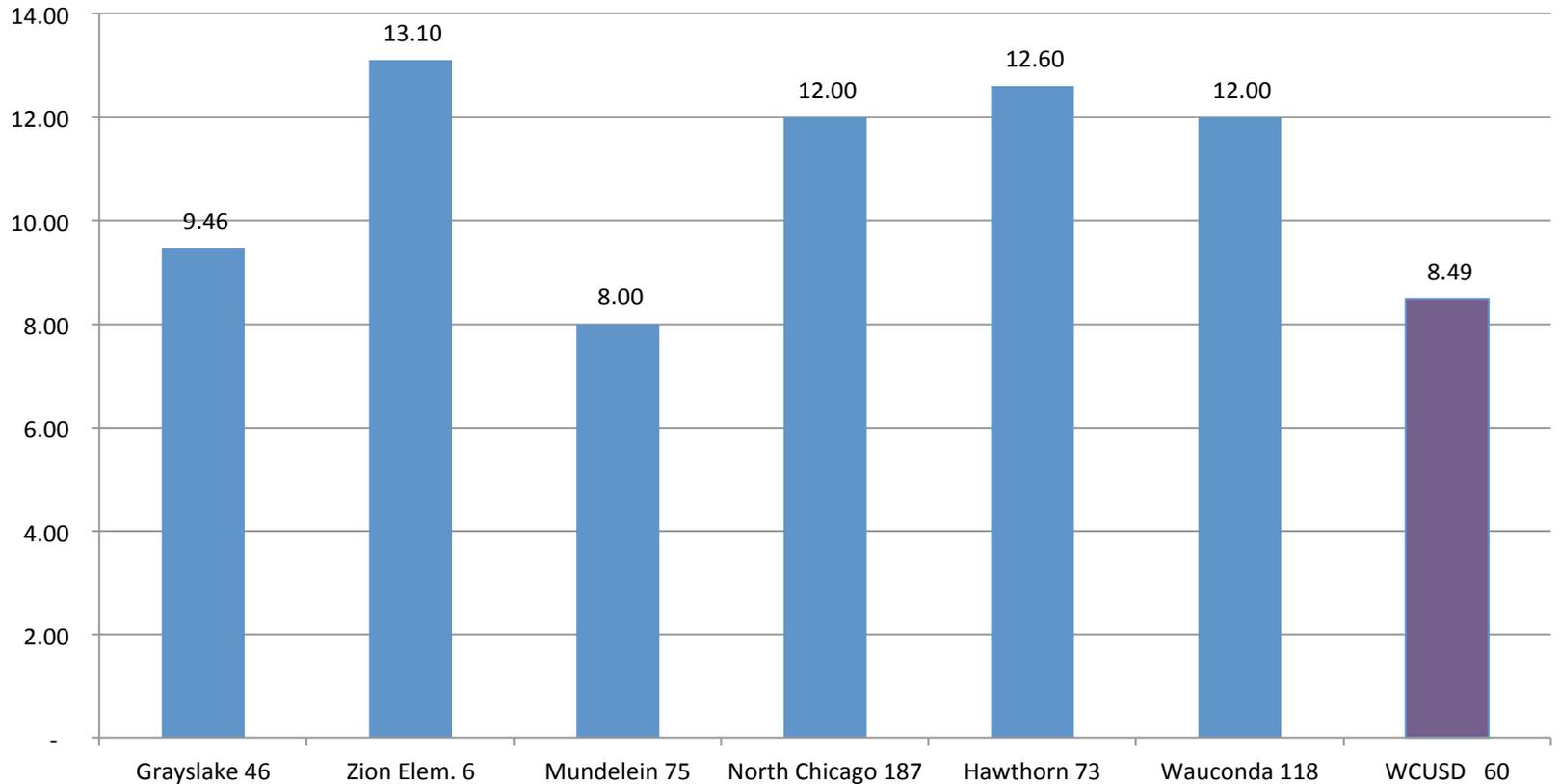




Comparison to Local Districts

Average Years of Experience 2012-13

Data Sources: Illinois School Report Card and School Districts



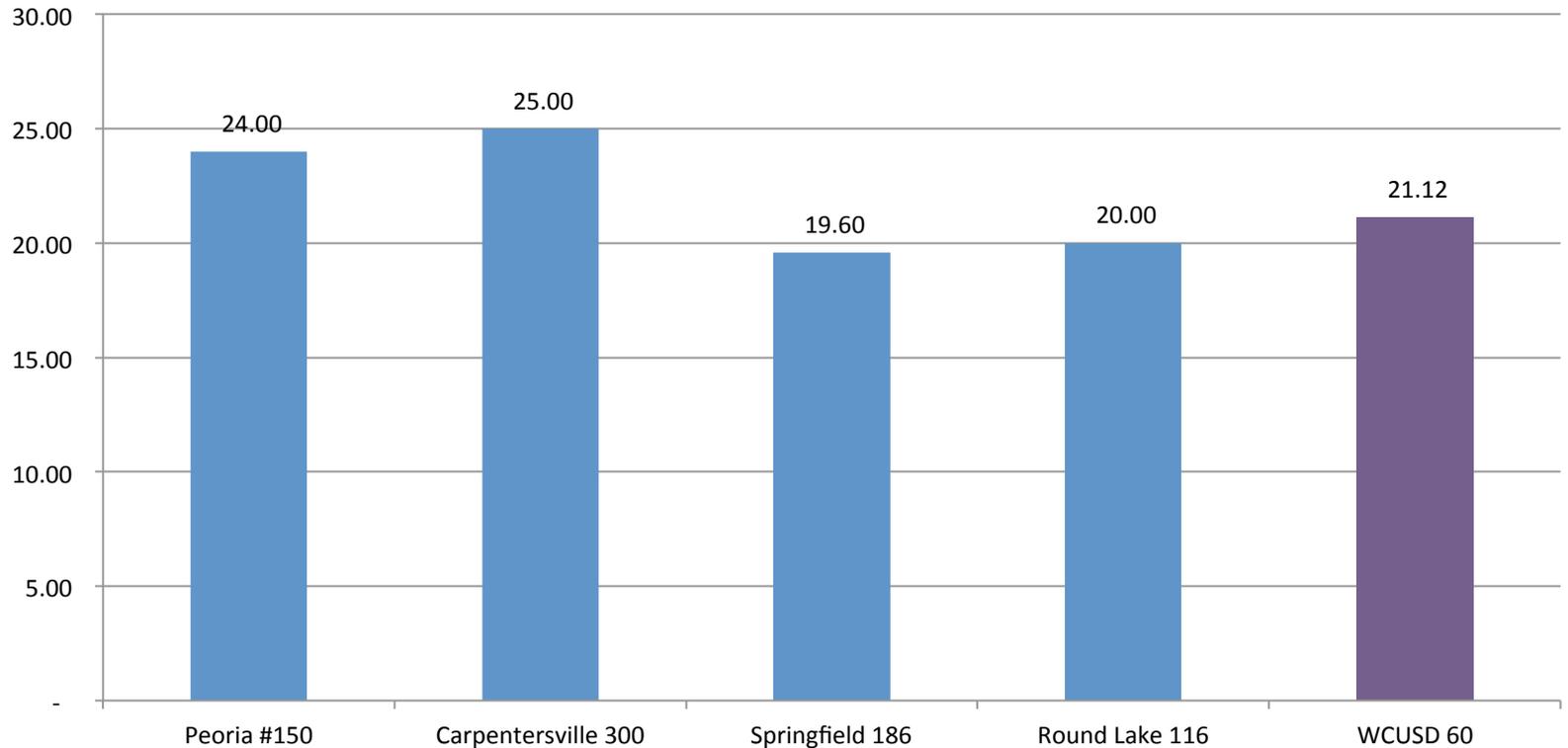
"A New Day...A New Way in Waukegan Public Schools...*students first!*"



Comparison to LUDA Districts

Average Class Size 2012-13

Data Sources: Illinois School Report Card and School Districts



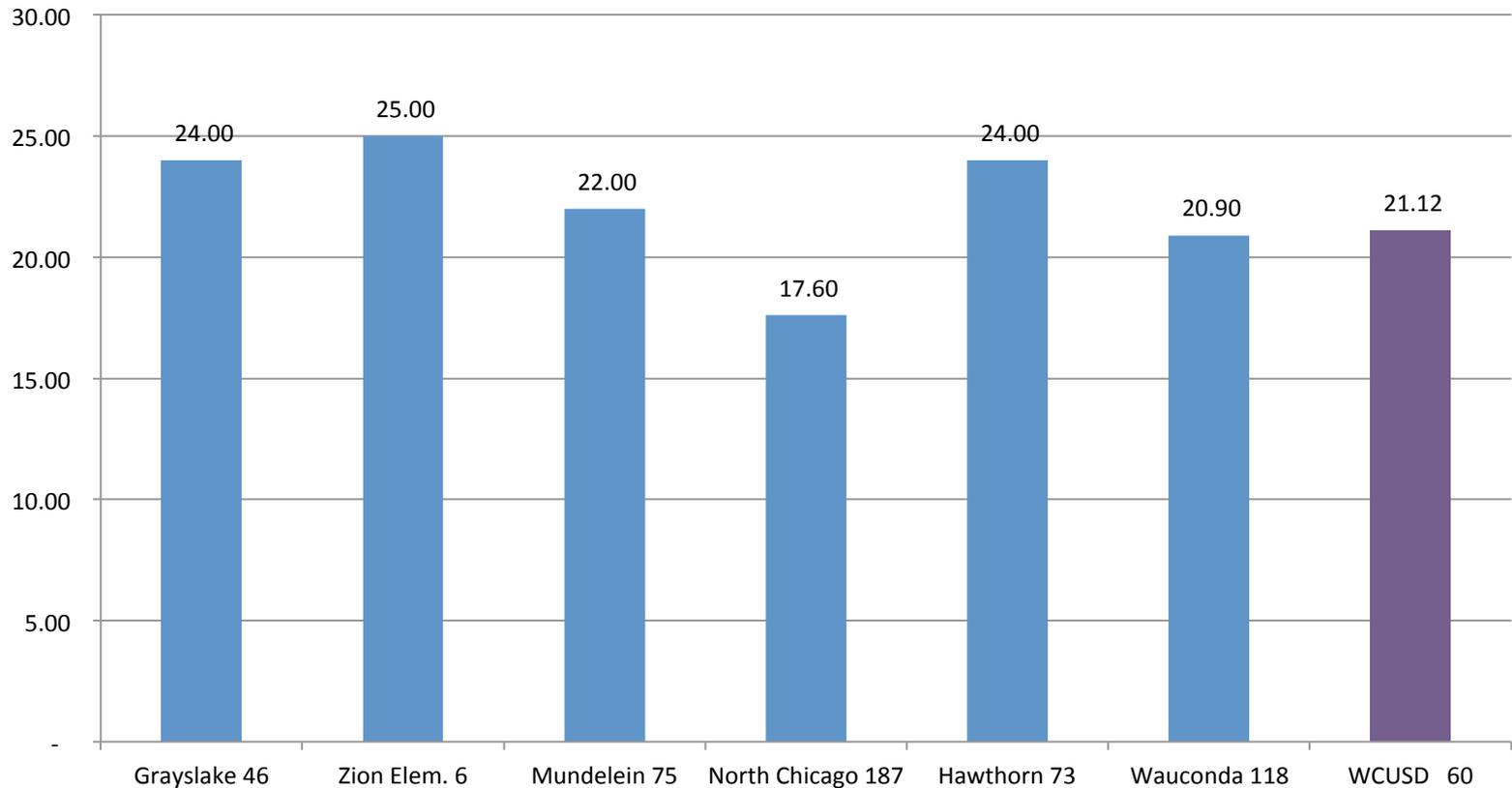
“A New Day...A New Way in Waukegan Public Schools...*students first!*”



Comparison to Local Districts

Average Class Size 2012-13

Data Sources: Illinois School Report Card and School Districts



“A New Day...A New Way in Waukegan Public Schools...*students first!*”



UNION PROPOSAL



Union Proposal Summary

- All teachers would receive a salary increase of STEP + 2.25 % for teachers on schedule, retroactive to July 1, 2013.
- Teachers who are due to make lane movement during the 2013-14 school year would be granted their lane movement.
- All teachers in longevity would receive a salary increase of 5%.
- No cost sharing for single health insurance.
- Teachers receiving dependent care would share in the increase cost by paying 50% of the increase per year between the prior and current plan year rates as determined by the District's insurance carrier
- District's contribution levels (including excess payments) for dependent health care would be maintained.
- Provision to bargain over any penalties incurred by the District related to the Affordable Care Act.

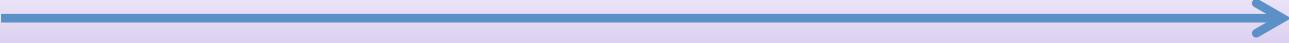


Basic Elements of a Salary Schedule: Step & Lane

- A salary schedule in a teachers' contract allows for pay increases in one of three ways:
 - **Base Increase:** *A percentage increase that applies to each teacher.*
 - **Step Increase:** *Typically is earned after each year of employment with a satisfactory performance evaluation.*
 - **Lane Movement:** *Represents completed graduate coursework and earned salary increases, which vary by lane.*
- In addition to a base increase, a salary increase is earned as a teacher moves a step (down the schedule) and/or a lane (across the schedule).



Step Movement

Lane 

Step 

	1	3	5	6	7	8	9	10
Step	<u>BA</u>	<u>BA15</u>	<u>MA</u>	<u>MA15</u>	<u>MA30</u>	<u>MA45</u>	<u>MA60</u>	<u>PHD</u>
1	\$36,524	\$37,065	\$37,876	\$38,688	\$39,230	\$40,042	\$40,853	\$42,206
2	\$37,383	\$37,937	\$38,768	\$39,598	\$40,152	\$40,983	\$41,814	\$43,198
3	\$38,293	\$38,862	\$39,713	\$40,563	\$41,132	\$41,983	\$42,834	\$44,252
4	\$38,773	\$39,746	\$40,604	\$41,413	\$41,960	\$42,927	\$43,974	\$45,453
5	\$39,211	\$40,484	\$41,188	\$41,952	\$42,668	\$43,657	\$44,552	\$45,986
6	\$40,112	\$41,022	\$41,988	\$42,832	\$43,437	\$44,643	\$45,941	\$47,284
7	\$41,162	\$42,097	\$43,408	\$44,363	\$45,257	\$46,365	\$47,740	\$49,114
8	\$42,809	\$44,202	\$45,579	\$46,582	\$47,520	\$48,684	\$50,128	\$51,954
9	\$44,085	\$45,957	\$47,153	\$47,855	\$49,408	\$50,617	\$52,119	\$54,016
10	\$45,848	\$47,337	\$48,569	\$49,530	\$50,890	\$52,389	\$54,202	\$56,178
11	\$47,682	\$48,756	\$50,511	\$51,510	\$52,870	\$54,484	\$56,643	\$58,425
12	\$49,590	\$50,219	\$52,861	\$53,571	\$54,645	\$56,390	\$58,341	\$60,470

Each successive year a teacher is moved to the next higher “step” on the schedule. For example, a teacher on Step 9 during the 2013-2014 school year would move to Step 10 at the start of the 2014-2015 school year.



Lane Movement

Lane 

Step 

	1	3	5	6	7	8	9	10
Step	BA	BA15	MA	MA15	MA30	MA45	MA60	PHD
1	\$36,524	\$37,065	\$37,876	\$38,688	\$39,230	\$40,042	\$40,853	\$42,206
2	\$37,383	\$37,937	\$38,768	\$39,598	\$40,152	\$40,983	\$41,814	\$43,198
3	\$38,293	\$38,862	\$39,713	\$40,563	\$41,132	\$41,983	\$42,834	\$44,252
4	\$38,773	\$39,446	\$40,604	\$41,413	\$41,960	\$42,927	\$43,974	\$45,453
5	\$39,211	\$40,484	\$41,188	\$41,952	\$42,668	\$43,657	\$44,552	\$45,986
6	\$40,112	\$41,022	\$41,988	\$42,832	\$43,437	\$44,643	\$45,941	\$47,284
7	\$41,162	\$42,097	\$43,408	\$44,363	\$45,257	\$46,365	\$47,740	\$49,114
8	\$42,809	\$44,202	\$45,579	\$46,582	\$47,520	\$48,684	\$50,128	\$51,954
9	\$44,085	\$45,957	\$47,153	\$47,855	\$49,408	\$50,617	\$52,119	\$54,016
10	\$45,848	\$47,337	\$48,569	\$49,530	\$50,890	\$52,389	\$54,202	\$56,178
11	\$47,682	\$48,756	\$50,511	\$51,510	\$52,870	\$54,484	\$56,643	\$58,425
12	\$49,590	\$50,219	\$52,861	\$53,571	\$54,645	\$56,390	\$58,341	\$60,470

A teacher experiences “lane” advancement upon completion of approved graduate level coursework. For example, a teacher in Lane BA15 would move to Lane MA upon earning a Master’s degree.



Step + Lane Movement

Lane

Step

	1	3	5	6	7	8	9	10
Step	BA	BA15	MA	MA15	MA30	MA45	MA60	PHD
1	\$36,524	\$37,065	\$37,876	\$38,688	\$39,230	\$40,042	\$40,853	\$42,206
2	\$37,383	\$37,937	\$38,768	\$39,598	\$40,152	\$40,983	\$41,814	\$43,198
3	\$38,293	\$38,862	\$39,713	\$40,563	\$41,132	\$41,983	\$42,834	\$44,252
4	\$38,773	\$39,746	\$40,604	\$41,413	\$41,960	\$42,927	\$43,974	\$45,453
5	\$39,211	\$40,484	\$41,188	\$41,952	\$42,668	\$43,657	\$44,552	\$45,986
6	\$40,112	\$41,022	\$41,988	\$42,832	\$43,437	\$44,643	\$45,941	\$47,284
7	\$41,162	\$42,097	\$43,408	\$44,363	\$45,257	\$46,365	\$47,740	\$49,114
8	\$42,809	\$44,002	\$45,579	\$46,582	\$47,520	\$48,684	\$50,128	\$51,954
9	\$44,085	\$45,957	\$47,153	\$47,855	\$49,408	\$50,617	\$52,119	\$54,016
10	\$45,848	\$47,337	\$48,569	\$49,530	\$50,890	\$52,389	\$54,202	\$56,178
11	\$47,682	\$48,756	\$50,511	\$51,510	\$52,870	\$54,484	\$56,643	\$58,425
12	\$49,590	\$50,219	\$52,861	\$53,571	\$54,645	\$56,390	\$58,341	\$60,470

In some years teachers make both “step” and “lane” moves.

For example, a teacher on Step 9 in Lane BA15 during one school year may earn a Master’s degree in the summer prior to the following school year. This teacher begins the following school year on a Step 10 - Lane MA.

“A New Day...A New Way in Waukegan Public Schools...students first!”



Comparison of Proposals

				Cost to District
BOARD				
2.3% Salary Increase				\$ 1,512,496
No STEP Increase				\$ -
No Lane Increase				\$ -
Required Single Health Care Contribution				\$ (235,200)
Board Contribution for Increase in Single Health Care Costs				\$ 272,786
Board Contribution for Increase in Dependent Health Care Co				\$ 274,928
TOTAL				\$ 1,825,010
VS				
TEACHERS' UNION				
2.25% Salary Increase				\$ 1,479,616
Step Increase				\$ 1,780,556
Lane Increase				\$ 115,601
5% Longevity Increase				\$ 391,670
Single Health Care Contribution				\$ -
Board Contribution for Increase in Single Health Care Costs				\$ 646,749
Board Contribution for Increase in Dependent Health Care Co				\$ 400,285
TOTAL				\$ 4,814,477



COST CALCULATION OF PROPOSALS



Initiatives to Improve District Finances

It is a great challenge to strike a balance between potential reductions and planning for the future when the future of funding is unknown. Our best option is to act on the financial information we have at this time, despite assertions that projected reductions may not come into fruition.

To get closer to the target reduction amount of approximately \$4.8 million, the District is converting from its traditional “carry-over” budget to that of a modified zero-based budgeting practice. Our challenge is to determine how to best allocate our declining resources while continuing to work towards achieving the strategic goals of the District.

With employment costs totaling in excess of 80% of the Education Fund, it is imperative that we control salary and benefit cost by limiting significant raises, reducing the gap between employee and employer health insurance “cost shares”, eliminating vacancies and freezing new hires.

Programmatic cost is under review to ensure it is still valuable to the District, is cost effective and is not a duplication of effort across programs.

Of the many things that have come to the forefront during the last several months is the reminder that we have both a finite set of resources and a strong desire to improve student outcomes which strongly influences how and to what programs are allotted resources.



Ongoing Commitment to Dialogue

Although this is considered the Board's Most Recent offer, there is a willingness on the part of the Board of Education to continue negotiating toward an agreement.

The representatives of the Board of Education extend a hand toward facilitating an ongoing dialogue with the Union in an effort to resolve this compensation dispute. We seek a fair economic adjustment that preserves the District's financial stability.



APPENDIX

APPENDIX A
Cost of Board Proposal

Salary

Total Teacher Base	\$ 65,760,712
Step Movement	\$ -
Lane Movement	\$ -
2.30% Raise	\$ 1,512,496
Coaching Stipend	\$ 780,730
Other Pays	\$ 2,146,104

Total Teacher Related Salaries \$ 70,200,042

Benefits

TRS/THIS/Medicare	\$ 2,611,442
National Certified Teacher	\$ 151,545
Life Insurance	\$ 181,350

Medical

Single	\$ 7,966,301
Dependent	\$ 614,527

Dental \$ 517,374

Total Teacher Related Benefits \$ 12,042,539

Total Salary and Benefits \$ 82,242,581

APPENDIX B
Cost of Teachers' Union Proposal

Salary

Total Teacher Base	\$ 65,760,712
Step Movement	\$ 1,780,556
Lane Movement	\$ 115,601
5% Longevity Increase	\$ 391,670
2.30% Raise	\$ 1,479,616
Coaching Stipend	\$ 780,730
Other Pays	\$ 2,146,104

Total Teacher Related Salaries \$ 72,454,989

Benefits

TRS/THIS/Medicare	\$ 2,695,326
National Certified Teacher	\$ 151,545
Life Insurance	\$ 181,350

Medical

Single	\$ 8,474,287
Dependent	\$ 739,885

Dental \$ 517,374

Total Teacher Related Benefits \$ 12,759,767

Total Salary and Benefits \$ 85,214,756