EEA/ District Bargaining
2011-12

DISTRICT OPENING PROPOSAL AND RATIONALE
April 13, 2011
Response to EEA Requests 2 & 3: What is the total cost of step advancement & COLA for 179, 185, & 192 Days?

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<tr>
<th></th>
<th>192 Days</th>
<th>185 Days</th>
<th>179 Days</th>
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<tbody>
<tr>
<td>Cost of Step</td>
<td>$2,207,307</td>
<td>$2,126,832</td>
<td>$2,057,854</td>
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<tr>
<td>1% Salary Adjustment</td>
<td>$661,365</td>
<td>$637,253</td>
<td>$616,585</td>
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</table>
Response to EEA Request 4: What are the Roll-up Costs?

Without insurance:
- 33.9%

With insurance:
- 58.4%
## Summary of Costing Elements: All Groups, General Fund

<table>
<thead>
<tr>
<th></th>
<th>EEA</th>
<th>OSEA</th>
<th>4JA</th>
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<tr>
<td>Cost of contract</td>
<td>$79,908,444</td>
<td>$29,996,914</td>
<td>$11,772,928</td>
<td>$121,678,286</td>
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<td>Cost -- step</td>
<td>$2,207,307</td>
<td>$297,232</td>
<td>$137,836</td>
<td>$2,642,375</td>
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<td>Cost -- 1% wage adjustment (COLA) on base (before step)</td>
<td>$661,365</td>
<td>$233,207</td>
<td>$98,482</td>
<td>$993,054</td>
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<td>Cost – one day</td>
<td>$327,188</td>
<td>$107,486</td>
<td>$40,456</td>
<td>$475,130</td>
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<td>Fund</td>
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<td>Comments</td>
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<tr>
<td>-----------------------------</td>
<td>------------</td>
<td>------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>6/30/2011</td>
<td>$6,000,000</td>
<td>Represents 4.4% of district revenues. Board policy is 5%.</td>
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<tr>
<td>Fleet/Equipment</td>
<td>4/12/2011</td>
<td>$5,600,000</td>
<td>$1.1 million for bus leases. Balance includes $1.8 million held by individual schools for equipment purchases/replacement</td>
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<td>Nutrition Services</td>
<td>6/30/2011</td>
<td>$75,000</td>
<td>Minimal balance maintained. Fund supported with general fund transfer annually</td>
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<td>District Retirement</td>
<td>6/30/2011</td>
<td>$5,400,000</td>
<td>Includes $2.5 million PERS reserve to be used in 2011-13 to partially offset rate increase. General balance projected to be drawn down annually as part of 2009-10 budget reduction strategy</td>
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<tr>
<td>Capital Funds</td>
<td>6/30/2011</td>
<td>$7,500,000</td>
<td>Projected to be spent by June 2012 if new bond proceeds aren't available</td>
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<tr>
<td>Insurance Reserves:</td>
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<tr>
<td>General</td>
<td>3/31/2011</td>
<td>$1,600,000</td>
<td>Depends on district liabilities, typically draws down each year</td>
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Response to Request 5 Continued...Fund Balance Information – Legally or contractually restricted

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<th>Fund</th>
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</thead>
<tbody>
<tr>
<td>Student Body Funds</td>
<td>12/31/2010</td>
<td>$4,200,000</td>
<td>Managed by individual school sites. Use restricted to specific purposes for which funds were generated.</td>
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<tr>
<td>Debt Service</td>
<td>3/31/2011</td>
<td>$12,700,000</td>
<td>Use restricted to paying off long term debt. Held for 7/2011 debt payments</td>
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<tr>
<td>Insurance Reserves: Joint Benefits Committee</td>
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<td></td>
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<tr>
<td>Licensed</td>
<td>2/28/2011</td>
<td>$1,500,000</td>
<td>Managed by Joint Benefits Committee</td>
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<td>Classified</td>
<td>2/28/2011</td>
<td>$3,800,000</td>
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<tr>
<td>Administrative</td>
<td>2/28/2011</td>
<td>$500,000</td>
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<tr>
<td>Wellness Clinic</td>
<td>12/31/2010</td>
<td>$1,100,000</td>
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2011-12 is our 4th year of significant shortfalls.

- **2008-09**: Reduced planned expenditures by $4.3 million. Closed through primarily one-time reserve reductions.

- **2009-10**: Deficit of $21 million. Closed through:
  - Elimination of COLA for administrators
  - 7 furlough days for teachers and classified
  - Cuts to central services
  - Downsized District by: 10 Classified FTE; 34 Licensed FTE; 6 Administrator/Professional FTE.
  - Use of reserves of $12 million.
2011-12 is our 4th year of significant shortfalls.

- 2010-11: Deficit of $15 million. Closed through:
  - 7 furlough days teachers & classified; 9 days – administrators
  - Partial step funding
  - Downsized District by: 5 Classified FTE; 14 Licensed FTE;
  - Use of $8.5 million reserves
What are we facing?

- **Widening gap:** The district’s financial challenges have been growing each year due to increasing expenses and decreasing revenues, while relying on short term strategies to solve budget shortfalls.

- **Funding cliff:** Even after making cuts in recent school years, 4J faces a projected deficit next year of about $21.7 million, that’s 15% of the district’s operating budget.

- If the entire $21.7 shortfall was solved with on-going reductions, the deficit in 2012-13 would be $4.6 million.

- **Decade of deficits:** Recovery from the Great Recession is expected to be slow. Oregonians who provide support for state services are not able to match the higher costs projected to deliver public services.
Unknowns

- City income tax
- Bond
- State Economic Forecast: May 12, 2011
Where Did 2011-12 Shortfall Come From?

- Less Funding Per Student
- Fewer Students
- Use of one-time funds: The district has been spending reserves, federal stimulus dollars, and one-time savings from furlough days to support operations. We have made ends meet in the short term, but it isn’t sustainable.
- Rising costs: Increases include PERS and insurance costs.
How We Make Reductions

$21,700,000

Compensation
Staff
Non-personnel items
Reductions –
Part 1
Non-Personnel Items:
Non-personnel Reductions

- Reduce Reserves: $5,000,000
- Reduce supplies/ revenue enhance: $1,600,000

Deficit: $21,700,000
Running deficit: $15,100,000
Reductions – Part 2

Staff Reductions in Force:
Scheduled Reductions In Force

Running deficit: $15,100,000

- School Consolidation $900,000
- Non-Licensed & non-classroom teacher reductions $3,900,000

Running deficit: $10,300,000

(prior to classroom teacher reductions & compensation strategies)
Potential Licensed Reductions in Force Per Sustainable Budget Recommendations

Running deficit: $10,300,000

We could:

- Increase student teacher ratio by 2.5 (ie, cut 55 Classroom Teacher FTE) $4,600,000

  or

- Increase student teacher ratio by 4 (ie, cut 84 Classroom Teacher FTE) $7,000,000

(Despite large FTE reductions, District would still have deficit of $3.3 or $5.7 Million)
To close remaining gap, we could make further cuts by making proportional cuts to each major work unit:

<table>
<thead>
<tr>
<th></th>
<th>Deficit of $3.3 Million</th>
<th>Deficit of $5.7 Million</th>
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</thead>
<tbody>
<tr>
<td>Admin</td>
<td>2.6</td>
<td>4.4</td>
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<tr>
<td>Licensed</td>
<td>23.7</td>
<td>40.8</td>
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<tr>
<td>Classified</td>
<td>17</td>
<td>29.3</td>
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<tr>
<td>Total</td>
<td>43.3</td>
<td>74.5</td>
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</table>
How We Spend Our Money

86% of General Fund Pays For Employees’ Salaries & Benefits

- Licensed Salary & Benefits
- Classified Salary & Benefits
- Admin Salary & Benefits
- Substitutes
- Other
Reductions Part 3
Compensation Proposal
Proposed Compensation Cuts

- A better path forward: All employee groups share in $7,000,000 concessions
- Save an estimated 92 in FTE (50.2 Teacher; 36 Classified; 5.4 Admin FTE)
- Reduces anticipated changes to student teacher ratio to 1.75
- Mitigates impact to classroom and teachers’ working environment
Proposed Compensation Cuts

- Freeze Step ($1.8 M)
- Reduce Salary Schedules by 2.6% ($2.585 M)
- Cut 5 days from 11-12 work year – holidays ($2.375 M)
- Eliminate payments to PERS on District TSA contributions ($240k)
- Maintain current contributions to health
- Maintain District-paid 6% PERS pickup
Illustration of step movement

- 2010-11  Employee on Step 4 in 2009-10 moved to Step 5, which is partially (50%) funded. If the teacher has a Masters (or Bachelors + 60), he/she is earning $42,907 this year.

- 2011-12  Above employee remains on Step 5 at 50% funding level, and would would earn $42,242 in 2011-12 based on 187 day work year and new salary schedule

- 2012-13  Unless otherwise negotiated, the employee will move to Step 5 at the 100% funding level. Based on full step funding and a presumed 192 day work year, the employee would earn $44,159 in 2012-13.
Illustration of salary proposal

- **2010-11** Employee on Longevity with a Masters (or Bachelors + 60) is earning a salary of $60,579 this year.

- **2011-12** Above employee would earn $59,647 based on 187 day work year and new salary schedule (about a 1.5% reduction from 10-11).

- **2012-13** Unless otherwise negotiated, the employee will the employee would earn $61,238 in 2012-13 based on a presumed 192 day work year (about a 2.6% increase over 11-12).
Eliminate PERS Contribution on Tax Sheltered Annuity (TSA)

- Proposal: “The parties further agree that the District will no longer treat District contributions to a tax-sheltered annuity as subject salary under PERS and OPSRP.”

- Savings: $240,000 (all employee groups)

- We should not incur additional PERS costs on supplemental retirement contributions (that are in addition to the payments made to PERS for the benefit of employees’ PERS benefits)
What an increase to class size means for teachers and students

- This offer is about students’ learning environment, and teachers’ working environment.
- The heart of our mission is to teach students.
Summary of our interests

- We must continue to provide an excellent program. A corollary of this is the provision of a full instructional year.
- Students need reasonable class sizes, ideally no more than 2010-11 levels. Teachers need reasonable working conditions.
- We need to keep, not layoff, staff
- We need to live within our means. We expect slow economic growth: spending plans made today need to be sustainable
- With these considerations in mind, we need to minimize harm to compensation of existing employees
Summary of offer

- Reduces student teacher ratio to 1.75 and mitigates harm to classroom and working conditions
- Prevents layoffs of more than 90 employees
- Balances one-time and ongoing (sustainable) strategies
- Avoids abrupt compensation declines for employees

✓ Flexible on means
Thank you for your consideration in finding the best way forward.
“The heart of our mission is to teach students”

What an increase of class size means for teachers…
Essentially there will be less of us to do the important work of teaching students

Substantial increase in class size over the past 4 years:

<table>
<thead>
<tr>
<th></th>
<th>K3</th>
<th>4-5</th>
<th>Middle</th>
<th>High</th>
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<tr>
<td>2009-2010</td>
<td>1:24</td>
<td>1:26</td>
<td>1:26</td>
<td>1:26.38</td>
</tr>
<tr>
<td>2010-2011</td>
<td>1:24</td>
<td>1:26</td>
<td>1:26</td>
<td>1:26.38</td>
</tr>
<tr>
<td>2011-2012*</td>
<td>1:28</td>
<td>1:30</td>
<td>1:30</td>
<td>1:30.38</td>
</tr>
</tbody>
</table>

✓ The net impact to a class is 5-6 more students
✓ Specialists, such as counselors, PE, music included in ratio
✓ Large classes (Band w/ 80, PE w/ 40)

*Proposed increase of 4 students
Classroom space becomes more of a significant factor...where to put students

✓ **Elementary Classroom**

  30’ x 27’ (810 sf.)
  
  2010-2011 School Year, 25 sf. per student (1:32)
  
  2011-2012 School Year, 21 sf. per student (1:38)

✓ **Middle School Classroom (algebra)**

  30’ x 30’ (900 sf.)
  
  2010-2011 School Year, 27 sf. per student (1:33)
  
  2011-2012 School Year, 24 sf. per student (1:38)

✓ **High School Classroom (geometry)**

  30’ x 30’ (900 sf.)
  
  2010-2011 School Year, 25 sf. per student (1:35)
  
  2011-2012 School Year, 22 sf. per student (1:40)
Working conditions will change

- Increase in after school student planning meetings
  - Typical classroom now has 6 students with IEPs, 1 student with a 504 plan and 2 students with TAG plans. Teachers would experience a substantial increase in students with individual plans

- Increase in the need to accommodate, modify and differentiate instruction to meet student needs

- Increase in parental contact for all teachers

- Substantial increase in the range of needs, challenges and skills in every classroom
  - Compounded by reduction in special educational support services

- Decrease in specialist support for intervention and enrichment, such as PE and music

- Decrease in classified support and supervision
✓ Increase in time and resources needed to assess student progress

✓ Decrease in time available for 1:1 student assistance within the classroom
  
  o Many teachers assist students outside of the school day

✓ Increase in time needed to prepare for larger class numbers
  
  o More time spent grading and evaluating student work

✓ MORE students over the course of the school day (secondary level)
  
  o **Algebra** currently has 165 students per day.
  
  o Next year would likely increase to 190
  
  o (2010/11) 18 concept tests x 165 students = 2970 per year or 594 per class
  
  o (2011/12) 18 concepts tests x 190 students 3420 per year or 684 per class
MEMORANDUM OF AGREEMENT
BETWEEN
EUGENE SCHOOL DISTRICT 4J
AND
EUGENE EDUCATION ASSOCIATION

The Eugene School District 4J and the Eugene Education Association agree as follows:

1. The parties agree to the following modifications of Articles 4, 6, and 10 of the 2010-13 Collective Bargaining Agreement:

   ARTICLE 4 – SALARIES AND RELATED COMPENSATION

   4.1.1 The 2010-11 professional salary plan shall be as in Appendix A. The 2009-10 salary schedule shall be increased by one percent (1%) effective July 1, 2010. The 2011-12 professional salary plan shall be as in Appendix A-1, and will reflect a reduction of 2.6%, and a 187 day contract year.

   4.4.4 For 2010-11 the step increase will be funded at 50%. For purposes of status quo, the increase will be as though there had been a full step. For 2011-12, employees will remain on the same step they were on in 2010-11, which step will remain funded at 50%. For purposes of status quo, the employee will remain on the same step they were on in 2011-12, which step will be funded at 100%.

   ARTICLE 6 -- FRINGE BENEFITS AND OTHER ALLOWANCES

   6.1 The District’s monthly insurance contribution for each full time equivalent (FTE) unit member is one thousand one hundred dollars ($1,100) per month for the period October 2010 through September 2011. For 2010-11, the Association will transfer from the licensed insurance reserves $10 per member per month to the District general fund effective October 1, 2010. The District’s monthly insurance contribution for each full time equivalent (FTE) unit member is one thousand one hundred dollars ($1,100) per month for the period October 2011 through September 2012.
ARTICLE 10 – WORK SCHEDULE

10.2 WORK YEAR
The Board shall adopt a school calendar of one hundred and ninety-two (192) contract days which includes a teacher planning day as the first day of the scheduled year.

10.2.1 Five (5) paid holidays shall be Labor Day, Veteran’s Day, Thanksgiving Day, President’s Day and Memorial Day.

* * *

10.2.5 For 2011-12 school year only, the work year will be reduced by a total of five (5) contract days. The parties agree that the days eliminated will be the five (5) paid holidays provided in Article 10.2.1.

2. The parties further agree that the District will no longer treat District contributions to a tax-sheltered annuity as subject salary under PERS and OPSRP.

IT IS SO AGREED this ___________ day of April 2011.

For the District For EEA

_________________________ ______________________
Craig Smith Dayna Mitchell
Board Chair EEA President and Bargaining
Date Team Co-Chair

_________________________ ______________________
Christine Nesbit Tom DiLiberto
Assoc. Director, Human Date EEA Bargaining Team Co-Chair
Resources – Labor Relations
# LICENSED PROFESSIONAL SALARY PLAN

**Effective July 1, 2011 and ending June June 30, 2012**

187 Days

<table>
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<tr>
<th>Level</th>
<th>Bachelors</th>
<th>Bachelors +23</th>
<th>Bachelors +45</th>
<th>Bachelors +60 Masters</th>
<th>Bachelors +83 B+68 w/ Masters</th>
<th>Bachelors +105 B+90 w/ Masters</th>
<th>Doctorate Masters +23</th>
<th>Doctorate Masters +45</th>
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<td>33,351</td>
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<td>37,192</td>
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<td>33,968</td>
<td>35,225</td>
<td>36,528</td>
<td>37,880</td>
<td>39,282</td>
<td>40,735</td>
<td>42,242</td>
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<td>62,996</td>
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**Longevity (16)**

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<th>Bachelors +60 Masters</th>
<th>Bachelors +83 B+68 w/ Masters</th>
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**Longevity (17)**

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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.7% Index

Salary Plan reduced by 2.6%
ILLUSTRATION OF STEP MOVEMENT
PER THE DISTRICT’S PROPOSAL OF APRIL 13, 2011

Key assumptions: implementation of 2.6% reduction in salary schedule, a 187 day work year in 2011-12 and a 192 day work year in 2012-13.

Example:

2010-11 Employee on Step 4 in 2009-10 moves to Step 5. Step increment is partially (50%) funded. Example, person with a Masters (or Bachelors + 60) at this level is earning $42,907 in 2010-11.

2011-12 Above employee remains on Step 5 at 50% funding level, has a 187 day contract year, and the 2.6% salary reduction is implemented. The employee would earn $42,242 in 2011-12 (about a 1.5% reduction from 2010-11 salary).

2012-13 Unless otherwise negotiated, the status quo condition is that the employee will move to Step 5 at the 100% funding level. Under the District’s proposal, 5 paid days would be added back to the work year, and the person would receive the full increment at Step 5. Under status quo, the employee in this example would earn $44,159 in 2012-13. This is a 4.5% increase over 11-12 earnings.