MCEA Responses to MCSD’s 3/9/15 Proposals

March 11, 2015

Our Goals

- Support teachers
- Ensure our students receive a quality education
- Act in a fiscally responsible manner
- “Do no harm” to current employees

The Outstanding Fiscal Issues

- XI.1.H, Terminal Pay for Sick Leave – **Current Contract Language**
- XI.1.I, Annual Pay Option for Sick Leave – **Current Contract Language**
- XII.7, Retirement – Counterproposal today
- XII.9, Years of Service Health Insurance Benefits – Counterproposal today
- XIII.1, Insurance – Proposal from March 9
- II.4, Placement on the Salary Schedule – Modified proposal today
- Appendix B, Salaries – Proposal today

Rationale for MCEA Position on Terminal Sick Leave Payout

- Terminal Sick Leave Payout policy to the full extent authorized by statute is a standard school district employee benefit statewide
- MCSD has already reduced its terminal sick leave payout policy below the state standard (employees hired after 7/1/11 may only ever get 50% of the value)
- Further reduction of this benefit will reduce the ability of MCSD to recruit teachers to the District, and reduce the incentive for its current teachers to remain

Rationale for MCEA Position on Terminal Sick Leave Payout

- Under state and federal law, employees are entitled to use sick leave not only for any legitimate medical purpose (e.g., injury, illness, preventative care visits) of their own, but also for their families
- Offering a terminal sick leave payout creates an incentive for employees to schedule medical visits and procedures on their own time rather than during time that they would normally be educating children
- The District has 1300 instructional employees. If each employee were to use just *one* extra day under any form of "use it or lose it" sick leave model, the cost to the District of providing substitutes would be \$85,000-\$100,000
- The District's proposals may save ~\$300,000 on paper, but incentives against remaining in the classroom would surely reduce that amount

Rationale for MCEA Position on Terminal Sick Leave Payout

- The nature of the work performed by teachers resists "substitution," teachers are successful with their students by building long-term relationships with them each and every day
- A teacher can give lesson plans to a substitute for a day or two, but anybody who has ever worked in a school system knows that there is no such thing as a true "substitute" for a full-time teacher in the classroom every day
- With ever-increasing standards, testing, and stakes for everybody – students, teachers, schools, and the District – we must do everything we can to ensure that teachers remain in the classroom so that we are all performing our essential function of educating students 180 days of the year.

Summary

- Terminal Sick Leave Payouts are a standard benefit statewide.
- The unintended consequences of a "use it or lose it" sick leave model would erode if not altogether wipe out any financial gain the District hopes to realize by moving to it.
- The potential impact on the education of the children of Martin County is not worth the amount of money that would be saved.
- MCEA's proposals today will match the savings to the General Fund Balance of $980,000 presented on March 9 by the District team, and provide multiple forms of increased compensation to employees, *making any changes to the Terminal Sick Leave Payout policy <u>unnecessary.</u>*

XII.7, Retirement

- Last MCEA Proposal: upon retirement, MCSD pays lump sum of 5%/10%/15% of annual salary at retirement to employees with 10/20/30 years of service.
- Proposal: Freeze "years of service" for purposes of calculating this benefit on June 30, give all eligible employees lump sum of 0.5% per year of service at retirement
- Rationale: Nobody is "cut out" altogether, years worked by employee don't "go to waste," stops the accrual of unfunded liability, immediate and future savings for the District
- Estimated savings: $150,000-$200,000 per year

XII.7, Retirement – Example

Example 1

- Date of Hire: 08/15/2000
- Years of service on 6/30/2015: 14
- Lump sum factor: 14 * (0.5%) = 7%
- Retirement date: 05/30/2031
- Salary at retirement: $60,000
- Payout (current language): $9,000
- Payout (MCSD proposal): $0
- Payout (today's proposal): $4,200

Example 2

- Date of Hire: 08/15/1992
- Years of service on 6/30/2015: 22
- Lump sum factor: 22 * (0.5%) = 11%
- Retirement date: 05/30/2016
- Salary at retirement: $60,000
- Payout (current language): $9,000
- Payout (MCSD proposal): $0
- Payout (today's proposal): $6,600

XII.9, Years of Service Health Insurance Benefits

- Status: agreement on concept of supplemental insurance for Medicare eligible retirees, disagreement on who qualifies and at what level
- Proposal: Freeze "years of service" for purposes of calculating this benefit on June 30; 5% coverage for each year beyond 10 years; benefit only for those under normal FRS retirement; agreement with MCSD "HIS" proposal
- Rationale: Nobody is "cut out" altogether, years worked by employee don't "go to waste," stops the accrual of unfunded liability, immediate and future savings for the District, minimizes impact on retirement planning of employees
- Estimated savings: $800,000-$900,000

XII.9, Years of Service Health Insurance Benefits – Example

- Date of Hire: 08/15/1998
- Years of service on 6/30/2015: 16
- Retirement date: 05/30/2020
- Years of service at retirement: 21
- Board contribution (current language): 50%
- Board contribution (MCSD proposal): 0%
- Board contribution (MCEA proposal):
  - Before Medicare → 6*5% = 30%
  - After Medicare → $80/month (16*$5) + $80-150 (FRS HIS) = $180-$260/month

XIII.1, Insurance

- Proposal: MCSD contributes the cost of the HMO47 plan for each employee
- Rationale: continues current practice of providing HMO47 at no cost, employees who want access to a richer plan can pay the difference
- Estimated savings: $1.06 million

Total Savings

- $150,000-$200,000 per year from Retirement Supplement
  - Stops future accrual of liability
- $800,000-$900,000 per year from Retiree Health Insurance
  - Stops future accrual of liability
- $1.06 mil per year from Active Employee Health Insurance

- Grand total: $2.06-$2.21 million
- $980,000 to General Fund Balance → $1.08-$1.23 million leftover

II.4 – Placement on the Salary Schedule

- Increases supplement for Masters' Degree to $2,400
- Double Masters' remains $300 above Masters' as TA'd previously (total $2700)
- Increases supplement for Specialist degree to $3,600
- Increases supplement for Doctorate degree to $4,800
- Rationale: move towards parity with surrounding districts

District	Masters'	Double Masters'	Specialist	Doctorate
Martin (current)	$1,800	$2,100	$2,100	$3,600
Okeechobee	$2,400	N/A	$3,400	$4,400
Palm Beach	$3,000	$4,500	$4,500	$6,000
St. Lucie	$3,000	$5,200	$5,200	$6,200
Indian River	$2,953	N/A	$3,909	$4,874

II.4 – Placement on the Salary Schedule

- Cost Analysis:

Degree/Level	#	Current Cost	Curr. Supp.	Proposal	Cost
MASTER 1	18	39,960	2,220	2,400	3,240
MASTER 2	19	42,655	2,245	2,400	2,945
MASTER 3	46	104,972	2,282	2,400	5,428
MASTER 4	29	67,222	2,318	2,400	2,378
MASTER 5	18	42,390	2,355	2,400	810
MASTER 6	26	62,218	2,393	2,400	182
MASTER (post 7/1/14)	29	52,200	1,800	2,400	17,400
SPECIALIST (post 7/1/14)	1	2,100	2,100	3,600	1,500

- Total cost (inclusive of benefits): $39,474

Other Compensation for Employees

- After fixing advanced degree supplements, we have $1.04-$1.19 million left
- District-wide, the institution of two furlough days saved the District (and cost employees) about $1 million.
- MCEA proposes "giving back" the furlough days to *all* employees, i.e, a payment to each employee in the District of twice their daily rate of pay
- With remaining dollars:
  - MCEA will agree to the Memorandum of Agreement regarding the Digital Learning Community Leader Supplement
  - MCEA will agree to the District's proposal to increase the base salary for a first-year teacher to $37,500

In Conclusion

- MCEA's current proposals address the fiscal challenges faced by the District, while being as fair as possible to employees, and maintaining educationally sound practices for the students of Martin County
- The approach of "freezing" years of service for retirement benefits means no employee *loses* any benefits, they will just not accrue any *further* benefit; by design, an employee with a longer horizon to retirement is afforded more opportunity to adjust their long-term financial planning to accommodate the proposed changes
- Paying back the 2013-2014 furlough days and moving advanced degree supplements closer to levels prior to the 2013-2014 Impasse will demonstrate that making employees whole after the cuts that occurred during the financial downturn is a priority of the District and the School Board
- MCEA sees no other approach that will lead to reaching agreement