

Pulaski County School Board

FY 2016 – 2017 Budget Priorities

Comprehensive Plan Goal #6 - We believe that competitive and equitable benefits and salaries are necessary to attract and retain highly qualified teachers and staff. As a school division we will work diligently in developing a benefits package and competitive salaries that will enable us to attract, recruit, develop, and retain effective teachers and staff.

Budget Need:

Implement new teacher salary scales that address significant deficiencies in the current Pulaski County Public Schools' salary scales.

Estimated Cost:

\$755,370 (recurring)

Description:

- *Pulaski County Public Schools' (PCPS) current salary scales for teachers are inadequate for attracting and retaining highly-qualified teaching professionals for several reasons.*
- *First, due to many years with no step raises, the teacher scales were not changed. Each year without a step increase resulted in teachers with varying years of experience receiving the same salary. These years, or pay bands, have now evolved so that teachers from zero to five years of experience receive the same salary. Also, throughout the current scales, teachers' salaries are banded into groups consisting of three, four, and as much as six years of experience.*
- *In addition, by comparing our scales to surrounding school divisions, we know that our teacher salaries are lower than the average of our neighbors, especially for teachers with more than 15 years of experience. This results in our more experienced teachers leaving to work in other local school divisions each year for better pay.*
- *In 2015, the Pulaski County School Board directed the Superintendent to establish a Teacher Salary Scale Task Force to examine our 10, 11, and 12 month teacher salary scales.*
- *The task force was comprised of 14 individuals, representing each of our schools, the Pulaski County Education Association, the Pulaski County School Board, and central office staff.*

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- *The task force met on several occasions to develop recommendations for revising the current teacher salary scales.*
- *Three options were considered: Option #1 only converted the current banded scale to a new scale with individual steps for each year of service. Option #2 included the technical fix of Option #1 but also increased all teacher salaries to the average of our surrounding counties. A Hybrid Option was a less expensive version of Option #2 which increased teacher salaries to the average of our surrounding counties for only those with 15 or more years of experience.*
- *The work of the task force was presented to the Pulaski County School Board during their second budget workshop on January 26, 2016.*
- *The budget request of \$755,370 represents the estimated cost of the teacher salary scales of the Hybrid Option. The Hybrid Option is designed to eliminate the banded structure that currently exists in our teacher salaries by introducing 30 steps from zero to 29 years of experience. This option would also bring our teacher salaries from 15 years and up to the average of our neighboring counties based on our projections for next year. The projections used for the salary scales of the surrounding school divisions assumed a 1.5% salary increase. The accuracy of these estimates will be affected if other pay actions are taken by these school divisions.*

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Budget Need:

Local funds necessary to provide a 2 percent salary increase for all support staff not affected by the new teacher salary scale.

Estimated Cost:

\$192,387 (recurring)

Description:

In addition to teachers, Pulaski County Public Schools' support staff have been affected by years without salary increases. Ideally, we would like to provide a pay increase for all other employees in the same year that the teacher salaries are improved. At this time, it is not known if the state share of a salary increase will be provided for in FY 2017. Therefore, the \$192,387 shown would be 100 percent locally funded and would provide a 2 percent pay raise to all staff not included in the teacher salary scales. This amount includes the additional fringe benefit costs (FICA, VRS) associated with the increase, but it does not include those employees paid by federal grant funds or those paid from the School Cafeteria Fund.

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Budget Need:

Provide a competitive and equitable health insurance benefit for teachers and support staff.

Estimated Cost:

\$ 269,902 (recurring)

Description:

We are pleased with the recommendation to hold employee and employer contributions unchanged in our self-funded health insurance arrangement with Pulaski County. Although we have benefited from our shared health insurance plan since July 1, 2013, the School Board employee/employer contributions associated with the plan are still very far apart from that of the County for most options. The \$269,902 amount shown is the estimated cost associated with increasing the School Board health insurance contributions 50 percent toward alignment with the County employee rates for most options.

In this projection, the Employee-only HSA premium is unchanged and the Employee + Children HSA premium is decreased by \$10 to match the County rate. All other health insurance options would be changed (employer contribution increased/employee premium decreased) by 50 percent of the current difference in premiums between the County and School Board. In addition, the annual HSA employer contributions are increased to 50 percent of the difference between County and School Board.

The cost given above is based on current employee enrollment data and does not assume any changes. However, making such a significant decrease in employee rates would result in enrollment changes of school employees. These election changes would likely include 1) new enrollees to the plan that are currently covered with other health insurance, 2) current plan participants at the employee-only level who choose to insure dependents by selecting higher options, and 3) employees in the HSA plan that may switch to the Choice plan due to the lower employee rates. All of these enrollment factors will significantly increase the employer cost above the \$269,902 projection, although it would be difficult to predict the actual increase at this time.

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Total Budget Needs for School Operating Budget:

Projected cost of new teacher salary scale	\$ 755,370
Projected cost of 2% staff salary increase	\$ 192,387
Projected cost of health insurance rates	<u>\$ 269,902</u>
TOTAL	<u>\$ 1,217,659</u>

Adjustments:

Projected increase in state revenue (Gov. Budget)	\$ (359,543)
Increase in VRS employer contributions	<u>\$ 128,640</u>
Adjustments to Budget Request	(\$ 230,903)

Additional County Funds Requested: \$ 986,756