

Total Budget

- **75% All Employee Costs (\$\$\$)**
 - Salaries
 - Benefits (including Health Care and Pension)
- **25% Everything Else (\$)**
 - Physical Plant (Buildings and Grounds)
 - Operational Costs (Energy, Utilities)
 - Transportation
 - Furniture and Fixtures
 - Books, supplies, classroom technology
 - All Curricular and Extracurricular Costs

Cost Saving Measures on the 25%

- Energy Projects
 - MS Natural Gas Conversion
 - HS Generator
 - Lighting
- Transportation Contracts
- Xerox Contract
- Technology Grants/ Classrooms for the Future

Cost Saving Measures on the 25% (continued)

- Consolidate Wage Tax Collectors
- Aggressively collect wage taxes from the Single Tax Office (\$1.3 million collected 1st year)
- Hired Delinquent Real Estate Tax Collector
- Bond Refinancing/Competitive Counsel Retention

Moody's Agrees

Moody's Report: 1/21/09

“Moody's anticipates the district will maintain a strong financial position given its track record of conservative budgeting and **effective management of expenditures.**”

Bond Buyer Article: 2/12/08

“The AHSD’s double-notch upgrade is a reflection of very well managed, strong financial operations,” said Moody’s associate analyst John Medina.

Now is the time to address the 75%

In light of the Governor's budget, additional savings must come from the remaining 75%. Savings in salaries and benefits can only be achieved through contract modifications. Tonight we will focus on Professional Staff Salaries.

Perspective

	<u>Starting Salary</u>	<u>Top Salary</u>
<u>2002</u>	\$30,060	\$62,614
<u>2010</u>	\$46,059	\$72,500
% increase	53%	16%

This rate of growth in salaries is unsustainable.

How did salaries grow so rapidly?

Current Contract provided an annual raise of 3.8%

However

- The actual average raise for 2009 was 4.99%*
- The actual average raise for 2010 was 5.25%*

WHY?

The Step Effect

PSEA utilizes Step Schedules to determine salary distribution.

- Vertical Movement
 - Annual Raise based on years of service
- Horizontal Movement
 - Raise based on credits obtained

Vertical and Horizontal Movement

Example 1 – Vertical Movement

Employee 1: Step 1 BA

Does not obtain credits

2009 salary = \$43,724

2010 salary = \$46,659

Salary Increase:

Amount **\$2,935.00**

Percent **6.7126%**

Example 2 – Horizontal Movement

Employee 2: Step 8 B+36M

Receives credits

2009 salary = \$51,774

2010 salary = \$57,734

Salary Increase:

Amount **\$5,960.00**

Percent **11.5116%**

2009/2010 Step Schedule

	BA	B + 24	B+36/M	M+18	M+36	M+48	M+60	M+72/PhD
1	43724	45024	46349	48749	51049	52149	53249	54349
2	44324	45624	46949	49349	51649	52749	53849	54949
3	44924	46224	47549	49949	52249	53349	54449	55549
4	45524	46824	48149	50549	52849	53949	55049	56149
5	46124	47424	48749	51149	53449	54549	55649	56749
6	46724	48024	49349	51749	54049	55149	56249	57349
7	47899	49199	50524	52924	55224	56324	57424	58524
8	49149	50449	51774	54174	56474	57574	58674	59774
9	50374	51674	52999	55399	57699	58799	59899	60999
10	51589	52889	54214	56614	58914	60014	61114	62214
11	52834	54134	55459	57859	60159	61259	62359	63459
12	54059	55359	56684	59084	61384	62484	63584	64684
13	55909	57209	58534	60934	63234	64334	65434	66534
14	57709	59009	60334	62734	65034	66134	67234	68334
15	60875	62175	63500	65900	68200	69300	70400	71500

2010/2011 Step Schedule

	BA	B + 24	B+36/M	M+18	M+36	M+48	M+60	M+72/PhD
1	46059	47359	48684	51084	53384	54484	55584	56684
2	46659	47959	49284	51684	53984	55084	56184	57284
3	47259	48559	49884	52284	54584	55684	56784	57884
4	47859	49159	50484	52884	55184	56284	57384	58484
5	48459	49759	51084	53484	55784	56884	57984	59084
6	49059	50359	51684	54084	56384	57484	58584	59684
7	50234	51534	52859	55259	57559	58659	59759	60859
8	51484	52784	54109	56509	58809	59909	61009	62109
9	52709	54009	55334	57734	60034	61134	62234	63334
10	53924	55224	56549	58949	61249	62349	63449	64549
11	55169	56469	57794	60194	62494	63594	64694	65794
12	56394	57694	59019	61419	63719	64819	65919	67019
13	58244	59544	60869	63269	65569	66669	67769	68869
14	60044	61344	62669	65069	67369	68469	69569	70669
15	61875	63175	64500	66900	69200	70300	71400	72500

2010/2011 Vertical Raises

	BA	B + 24	B+36/M	M+18	M+36	M+48	M+60	M+72/PhD
2	6.7126%	6.5187%	6.3324%	6.0206%	5.7494%	5.6281%	5.5118%	5.4003%
3	6.6217%	6.4330%	6.2515%	5.9474%	5.6826%	5.5641%	5.4504%	5.3413%
4	6.5333%	6.3495%	6.1726%	5.8760%	5.6173%	5.5015%	5.3904%	5.2836%
5	6.4471%	6.2682%	6.0957%	5.8062%	5.5536%	5.4403%	5.3316%	5.2272%
6	6.3633%	6.1888%	6.0206%	5.7381%	5.4912%	5.3805%	5.2741%	5.1719%
7	7.5122%	7.3088%	7.1126%	6.7827%	6.4941%	6.3646%	6.2401%	6.1204%
8	7.4845%	7.2867%	7.0956%	6.7739%	6.4917%	6.3650%	6.2430%	6.1257%
9	7.2433%	7.0566%	6.8760%	6.5714%	6.3038%	6.1833%	6.0674%	5.9558%
10	7.0473%	6.8700%	6.6982%	6.4081%	6.1526%	6.0375%	5.9266%	5.8198%
11	6.9395%	6.7689%	6.6035%	6.3235%	6.0767%	5.9653%	5.8579%	5.7543%
12	6.7381%	6.5763%	6.4192%	6.1529%	5.9177%	5.8114%	5.7089%	5.6099%
13	7.7415%	7.5597%	7.3830%	7.0831%	6.8177%	6.6977%	6.5818%	6.4699%
14	7.3959%	7.2279%	7.0643%	6.7860%	6.5392%	6.4274%	6.3193%	6.2149%
15	7.2190%	7.0599%	6.9049%	6.6407%	6.4059%	6.2993%	6.1963%	6.0965%
16	1.6427%	1.6084%	1.5748%	1.5175%	1.4663%	1.4430%	1.4205%	1.3986%

2010/2011 Horizontal Raises

	BA	B + 24	B+36/M	M+18	M+36	M+48	M+60	M+72/PhD
2		9.6858%	9.4616%	11.5105%	10.7387%	7.9042%	7.7374%	7.5776%
3		9.5546%	9.3372%	11.3634%	10.6081%	7.8123%	7.6494%	7.4932%
4		9.4270%	9.2160%	11.2200%	10.4807%	7.7226%	7.5634%	7.4106%
5		9.3028%	9.0979%	11.0802%	10.3563%	7.6350%	7.4793%	7.3298%
6		9.1818%	8.9828%	10.9438%	10.2348%	7.5493%	7.3970%	7.2508%
7		10.2945%	10.0679%	11.9759%	11.2273%	8.5293%	8.3592%	8.1957%
8		10.1985%	9.9799%	11.8459%	11.1197%	8.4836%	8.3179%	8.1586%
9		9.8883%	9.6830%	11.5116%	10.8170%	8.2516%	8.0939%	7.9422%
10		9.6280%	9.4341%	11.2266%	10.5598%	8.0591%	7.9083%	7.7631%
11		9.4594%	9.2741%	11.0304%	10.3861%	7.9438%	7.7982%	7.6578%
12		9.1986%	9.0239%	10.7467%	10.1281%	7.7461%	7.6070%	7.4729%
13		10.1463%	9.9532%	11.6170%	10.9759%	8.6097%	8.4582%	8.3118%
14		9.7212%	9.5440%	11.1645%	10.5606%	8.2788%	8.1372%	8.0004%
15		9.4717%	9.3054%	10.8828%	10.3070%	8.0973%	7.9626%	7.8323%
16		3.7782%	3.7394%	5.3543%	5.0076%	3.0792%	3.0303%	2.9830%

If 3.8% = 5% What does 0% =?

Vertical Step 0% Raise

Step	BA	B + 24	B+36/M	M+18	M+36	M+48	M+60	M+72/OPhD
1								
2	1.3027%	1.2669%	1.2324%	1.1745%	1.1239%	1.1012%	1.0794%	1.0585%
3	1.2859%	1.2511%	1.2174%	1.1609%	1.1114%	1.0892%	1.0679%	1.0474%
4	1.2696%	1.2356%	1.2028%	1.1476%	1.0992%	1.0775%	1.0566%	1.0366%
5	1.2537%	1.2205%	1.1885%	1.1346%	1.0873%	1.0660%	1.0456%	1.0259%
6	1.2382%	1.2058%	1.1745%	1.1218%	1.0756%	1.0548%	1.0348%	1.0155%
7	2.3951%	2.3332%	2.2734%	2.1725%	2.0839%	2.0440%	2.0057%	1.9687%
8	2.4884%	2.4256%	2.3648%	2.2621%	2.1717%	2.1310%	2.0917%	2.0539%
9	2.3794%	2.3208%	2.2639%	2.1678%	2.0830%	2.0448%	2.0079%	1.9723%
10	2.3051%	2.2496%	2.1958%	2.1045%	2.0239%	1.9874%	1.9523%	1.9184%
11	2.3088%	2.2545%	2.2016%	2.1120%	2.0327%	1.9968%	1.9622%	1.9288%
12	2.2204%	2.1693%	2.1196%	2.0351%	1.9602%	1.9263%	1.8935%	1.8619%
13	3.2805%	3.2066%	3.1346%	3.0121%	2.9034%	2.8541%	2.8065%	2.7604%
14	3.0904%	3.0230%	2.9572%	2.8450%	2.7452%	2.6999%	2.6561%	2.6137%
15	3.0494%	2.9848%	2.9217%	2.8139%	2.7179%	2.6742%	2.6319%	2.5910%

If 3.8% = 5% What does 0% =?
Horizontal Step 0% Raise

Step	BA	B + 24	B+36/M	M+18	M+36	M+48	M+60	M+72/O PhD
1								
2		4.1251%	4.0647%	6.1622%	5.6769%	3.1845%	3.1202%	3.0584%
3		4.0721%	4.0138%	6.0872%	5.6110%	3.1491%	3.0862%	3.0258%
4		4.0204%	3.9642%	6.0140%	5.5466%	3.1145%	3.0529%	2.9938%
5		3.9700%	3.9159%	5.9425%	5.4837%	3.0806%	3.0204%	2.9625%
6		3.9208%	3.8686%	5.8727%	5.4222%	3.0475%	2.9885%	2.9318%
7		5.0449%	4.9644%	6.9170%	6.4252%	4.0348%	3.9576%	3.8833%
8		5.0762%	4.9967%	6.9052%	6.4243%	4.0828%	4.0062%	3.9325%
9		4.9044%	4.8310%	6.6994%	6.2379%	3.9535%	3.8809%	3.8109%
10		4.7715%	4.7029%	6.5331%	6.0883%	3.8561%	3.7868%	3.7198%
11		4.7196%	4.6538%	6.4457%	6.0137%	3.8286%	3.7611%	3.6959%
12		4.5768%	4.5158%	6.2723%	5.8561%	3.7204%	3.6560%	3.5938%
13		5.5857%	5.5032%	7.2011%	6.7569%	4.6297%	4.5511%	4.4752%
14		5.3224%	5.2482%	6.9001%	6.4803%	4.4228%	4.3498%	4.2792%
15		5.2145%	5.1448%	6.7513%	6.3486%	4.3507%	4.2808%	4.2131%

The Proposal

The actual Union proposal is on the District website. We estimated the total cost of their proposal over 5 years to be as follows:

Miscellaneous	\$1,048,668.78
Salary Increases	\$6,466,719.68
Disability (Best Guess)	<u>\$2,324,560.00</u>
Total Cost Increase	\$9,839,948.46
Total Tax Increase	47.76 Mils

ESTIMATED COST OF PROFESSIONAL CONTRACT PROPOSAL						
	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	
ARTICLE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	5.00%	5.00%	5.00%	5.00%	5.00%	
ARTICLE XIII TEACHER DAY(Hourly Rate) \$5.00 per year	\$14,638.75	\$29,277.50	\$43,916.25	\$58,555.00	\$73,193.75	\$219,581.25
ARTICLE XXXI SALARY - MENTOR TEACHERS \$1,300.00 increase)	\$28,600.00	\$28,600.00	\$28,600.00	\$28,600.00	\$28,600.00	\$143,000.00
ARTICLE XXXII EXTRA PAY/EXTRA DUTY(% increase as per sal schedule)	\$14,830.10	\$30,401.71	\$46,751.89	\$63,919.58	\$81,945.66	\$237,848.94
ARTICLE XXXII EXTRA PAY/EXTRA DUTY - EXTENDED SEASON	\$6,550.00	\$6,550.00	\$6,550.00	\$6,550.00	\$6,550.00	\$32,750.00
ARTICLE XXXIII DEPARTMENT CHAIRPERSON (5%)	\$2,903.11	\$3,326.37	\$3,770.79	\$4,237.43	\$4,727.41	\$18,965.10
ARTICLE XXXIII Misc Salary Provision - retirement bonus	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$15,000.00
ARTICLE XXXV Severeance Pay - Sick Days	\$18,909.68	\$19,855.16	\$20,847.92	\$21,890.32	\$22,984.83	\$104,487.90
ARTICLE XXXVI GRADUATE CREDITS (@ \$285 per course IU)	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$7,500.00	\$37,500.00
ARTICLE XXXVI GRADUATE CREDITS (@ \$535 per credit)	\$42,492.75	\$45,042.32	\$47,744.85	\$50,609.55	\$53,646.12	\$239,535.58
Total Misc. Salary Requests	\$139,424.38	\$173,553.05	\$208,681.70	\$244,861.88	\$282,147.77	\$1,048,668.78
MILS	0.68	0.84	1.01	1.19	1.37	5.09
SALARIES	\$791,781.22	\$831,370.29	\$872,938.80	\$916,585.74	\$962,415.03	\$4,375,091.07
RETIREMENT	\$272,570.69	\$344,977.10	\$465,669.20	\$508,613.43	\$352,532.62	\$1,944,363.04
FICA	\$26,651.36	\$27,983.92	\$29,383.12	\$30,852.28	\$32,394.89	\$147,265.57
TOTAL	\$1,091,003.27	\$1,204,331.31	\$1,367,991.12	\$1,456,051.44	\$1,347,342.54	\$6,466,719.68
MILS	5.30	5.85	6.64	7.07	6.54	31.39
DISABILITY INSURANCE	\$464,912.00	\$464,912.00	\$464,912.00	\$464,912.00	\$464,912.00	\$2,324,560.00
	coverage 66 2/3 % of salary (less SS Disability and less Retirement Disability)					
	2.26	2.26	2.26	2.26	2.26	11.28

The Counter Proposal

- **Term** – One (1) year contract to include the 2011-2012 school year.
- **Wages – 2011-2012 School – Salary Freeze**
No step or column movement.
- **Credit Tuition Reimbursement** –
Reimbursement for credits taken during the term of this contract is \$0.00 and will not be deferred to future years.

How do we Compare?

Out of 501 PA School Districts for 2008/2009:

- | | |
|---|------------|
| ▪ PDE Average Teacher Salary State Rank | 186 |
| ▪ Per Pupil Expense | 342 |
| ▪ Administrative Expense | 409 |

What's Next?

The Board is planning more informational sessions regarding Act 93, Support Staff, Benefits including retiree benefits.

If Abington Heights is going to maintain its level of excellence, we must reduce costs particularly salaries and benefits. Our children's future depends on it.