

**CBO
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Leadership Responsibilities for the CBO

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Presented by

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Overview



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- ★ Leadership Characteristics
- ★ Trouble Signs
- ★ Essential Skills for School Business Officials (booklet)
- ★ Elements of Avoidance and Recovery
- ★ Negotiations
- ★ Becoming a Successful CBO



CBO Leadership Characteristics

“School business administration is not an end in itself. It exists for the sole purpose of facilitating the educational program of a school and school district. It should operate to support the teacher in the classroom, the principal in the school, the school board and central administration as each strives to fulfill its responsibility toward the accomplishment of the required educational mission.”

—Anonymous

Characteristics of an A+ CBO

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- ★ The sequencing of the A+ CBO characteristics will change – but the characteristics revolve around:
 - An ability to integrate technical and policy skills
 - Exceptional interpersonal and leadership skills
 - An ability to express oneself in written and oral forms
 - Strong analytical, creative, and innovative skills
 - An ability to prioritize – to say “yes” and “no”
 - A commitment to focused objectives, strong results, and accountability



Trouble Signs

The CBO vs. The Challenges

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- ★ What to expect
 - Expect to spend a lot of time planning and thinking ahead
 - But also expect to adjust your plans to changing conditions
- ★ There is no such thing as a good plan that doesn't have a good "fallback" or contingency plan
- ★ Let's look at some of the ways districts get into trouble and how the CBO avoids or solves them

So, How Do Districts Get Into Trouble?

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★ Common causes of financial problems:

- Overly optimistic estimates of state economics
- Overly aggressive estimates of enrollment, attendance, and ADA
- Failure to document budget assumptions
- Loss of control of staffing levels and costs
- Underestimating “automatic” cost growth
- Use of one-time money for ongoing expenses
- Poor decisions at the negotiating table
- Failure to consider the multiyear impact of budget decisions
- Failure to follow through on budget decisions
- Poor budget monitoring by the superintendent and Board
- Chronic deficit spending
- Inadequate reserves

Overly Optimistic Estimates of State Economics

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- ★ The January Governor's Budget proposals are just that – proposals
- ★ Until the Legislature acts, there are no guarantees
 - Most years, the Governor is in charge of the Budget – but not so much in recent years
 - The May Revision has required major changes
- ★ We have come to expect that the statutory COLA, as well as enrollment growth, will be funded
 - Deficits and budget cuts in recent years have disproven that expectation
- ★ Budgets based on optimistic projections must have a fallback position

Overly Aggressive Estimates of Enrollment, Attendance, and ADA

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- ★ Never overestimate ADA!
 - Nearly all state funding is based on ADA
 - The floor on ADA is last year's P-2 ADA
 - You need a sound basis for an estimated ADA above that level
- ★ ADA:enrollment ratios usually change slowly
 - If you are expecting to improve attendance, prove it before you add revenue to the budget
- ★ Enrollment can be calculated using a cohort survival model
 - But must be modified if new information is available – for example, a new housing development
 - Always do a “reality check”
- ★ If ADA is overestimated, adding staff to serve ADA that never shows up creates an even bigger disaster

Failure to Document Budget Assumptions

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- ★ Budget assumptions are the basic building blocks of the budget
 - Write and publicize the assumptions on which the budget is based:
 - Revenue growth including COLA
 - Enrollment growth or decline
 - Benefit cost increases
 - Program augmentations
 - Postretirement benefits
 - Fuel and utility costs
 - Costs to open or close a school
- ★ Test and revise assumptions throughout the budget cycle
- ★ Written assumptions provide linkage to the original budget

Loss of Control of Staffing Levels and Costs

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- ★ Personnel costs represent the lion's share of the budget – 80%-85%
 - Number of people
 - Costs for salary schedule maintenance
 - Pay raises
 - District-paid benefits
 - All of these factors affect the budget dramatically
- ★ Position control systems control numbers of people, assignments, and, therefore, personnel costs
- ★ Overstaffing, intentional or unintentional, is the single most common cause of budget problems
- ★ Staffing cost numbers are so big that the problem can get out of control quickly
- ★ If you blow staffing costs, there is not enough money in the rest of the budget to fix it – you must address staffing

Underestimating “Automatic” Cost Growth

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- ★ Automatic cost increases are pervasive to the budget
 - Step increases for seniority
 - Column increases for professional preparation
 - Fuel and utility cost increases
 - Health benefit increases
 - Workers’ Compensation insurance increases
- ★ All of these – and more – factors lead to “uncontrollable” increases in expenditures
- ★ COLA and growth funding increases must cover all of these increases as well as any salary schedule increases

Use of One-time Money for Ongoing Expenses

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- ★ Don't spend one-time money on anything that eats
 - How will you feed it next year?
- ★ One-time money should be used carefully
 - Good dollars for reserves or one-time expenditures
 - Equipment, technology upgrades, and other nonrecurring expenditures
- ★ Withdrawals from reserves are one-time revenues – do not use them for ongoing salary or benefit increases
 - Sometimes it is appropriate to use reserves for the retroactive portion of a salary settlement

Poor Decisions at the Negotiating Table

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- ★ The negotiations table is a fiscal “danger zone”
- ★ Pressure to give more than you can afford can be tremendous
 - “Giving COLA” and finding another way to pay for everything else is a lethal recipe
- ★ Think – and negotiate – based on total compensation
 - Consider step and column and employee benefits as part of any basis for salary increases
- ★ Language issues also cause financial problems
 - At least one district has negotiated a teaching day that does not meet minimum instructional minutes and must provide extra teachers for supplementary instruction every day
- ★ The CBO needs to be at the negotiating table and should independently cost out each proposal

Failure to Consider the Multiyear Impact of Budget Decisions

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- ★ AB 1200 and AB 2756 require districts to consider the impact of budget decisions and negotiated agreements on the current year and two subsequent years
- ★ multiyear planning does not rely on a crystal ball – it is the mathematical consequences of the actions of today
- ★ Most major budget failures can be traced to specific events and decisions
- ★ The COE should intervene if your multiyear projections are less than positive
- ★ We recommend you do a “sensitivity analysis” on your projections
 - What happens if COLA assumptions go up or down?
 - What if ADA changes?
- ★ Failure to look to the future may ensure that your own “future” ends

Failure to Follow Through on Budget Decisions

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- ★ Difficult budgets require difficult decisions
 - Difficult decisions are hard to make and sometimes the Board takes considerable public punishment for making them
 - But once those decisions have been made, they must be implemented – and sometimes they are not!
 - Positions are not cut
 - Expenditures are not reduced
- ★ Failure to follow through, no matter how good the excuse, requires that the Board and superintendent re-address the budget
- ★ Bad news does not get better with age – if the cuts can't be made, develop a new plan early

Poor Budget Monitoring by the Superintendent and Board

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- ★ The budget is only a plan and is only as good as its last revision
- ★ Tie changes to the original assumptions so the linkage is clear
- ★ There are at least five required “checkpoints”:
 - Budget adoption
 - The first interim
 - The second interim
 - The unaudited actuals
 - Receipt of the audited financials
- ★ Those events represent a minimum revision level; most districts need more frequent revision
- ★ The earlier a problem is identified, the more options there are to fix it

Chronic Deficit Spending

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- ★ Deficit spending means we are spending more than we take in
- ★ Some deficit spending may be planned when balances have been built up to allow a large one-time expenditure
- ★ Most deficit spending is unplanned and uncontrolled
- ★ Sooner or later you will run out of reserves
- ★ Address the causes of deficit spending early; make the cuts while they are painful but not life-threatening for the district

Inadequate Reserves

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- ★ There is no such thing as a good budget without a reasonable reserve
- ★ Reserves are the local buffer that allows problems to be solved locally instead of turning to the COE or the state for help
- ★ The state-recommended minimum Reserve for Economic Uncertainties is just that – a minimum number – most districts need more
- ★ Circumstances that call for higher reserves include:
 - Declining enrollment
 - Rapid enrollment growth
 - Opening or closing schools
 - Basic Aid districts
 - Volatile economic times
- ★ There are no circumstances that warrant lower reserves
 - Temporary shortfall should be fixed immediately



Essential Skills for School Business Officials

Overview of Essential Skills

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★ Leadership

★ People

★ Systems

★ Resources

➔ See small booklet



Elements of Avoidance and Recovery

Elements of Avoidance and Recovery

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- ★ The Important Role of Leadership
- ★ The Critical Role of Competent Employees
- ★ The Importance of Systems in Operating Efficiently
- ★ Resource Issues for Troubled Districts

The Important Role of Leadership

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- ★ Leadership is the first and most important element of school district financial success
- ★ The effects of today's operations and financial decisions are indelibly printed on the future
- ★ Well-run districts have standards that define what is acceptable in the district; they dictate priorities in all areas, including ethics, quality, performance – and fiscal management
- ★ Ongoing strategic and financial planning is a must; well-run districts have a strategic and financial plan that is clear, accessible, and adequately communicated to the stakeholders
- ★ Continuity is important; having a “Superintendent of the Month Club” is another bad sign

The Important Role of Leadership

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★ The tone is set at the top

- District leaders must exhibit the characteristics they hope to engender in their staff
- Attitude, motivation, energy, and enthusiasm can be organizational characteristics.

★ Integrity and ethics shape the entire district

- Always taking the path of least resistance, shortcuts, and bending the rules by district leaders will become pervasive in the district
- Leadership – good or bad – works: People will emulate leadership

The Important Role of Leadership

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- ★ Competent leaders don't "shoot from the hip," they know how things should be done and they get them done
- ★ Effective communication results in shared vision
- ★ We like to see strategic planning, operational decision structures, and financial management follow the organizational chart
 - Giving managers missions and resources – and holding them accountable for both

★ What are some signs of leadership problems?

- A crisis in governance
- Board or superintendent micromanagement
- Exodus of staff and students
- Frequent litigation against the district
- Difficult to attract quality employees
- Systems break down
- Fiefdoms sprout in the organization
- Morale suffers
- Interagency cooperation is poor

The Important Role of Leadership

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★ What are some signs of leadership problems?

- Unions unduly influence the Board
- Special interests have the ear of the Board
- Employees act like “free agents” with little or no supervision
- Inadequate community participation
- State and federal audit exceptions – or repeat findings by your CPAs
- Generally speaking, less public support for public schools

The Critical Role of Competent Employees

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- ★ Competence is the function of training, effort, talent, and ability
 - Personal competence must be achieved by your employees if they are to be relied upon.
- ★ Staff development can be expensive in both time and money; failure to make this investment can be even more expensive
- ★ Competent employees provide consistently reliable results
 - They make fewer mistakes – and catch those that are made
 - Competence is an important element of internal control; employees who are not competent can leave holes in the internal control system
 - Competent employees work efficiently; they get more done in fewer hours and promote efficient use of resources

The Critical Role of Competent Employees

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- ★ You can teach technical skills, but you must hire personal character
 - Motivated employees with good basic skills can learn nearly any business task
 - But personal traits like ethics, integrity, energy, enthusiasm, motivation, and loyalty are almost impossible to instill in people who do not have them
 - But poor leadership can kill those traits or cause the best employees to move on
- ★ Cross-training employees not only provides backups and flexibility, it also helps you to “grow your own” supervisors and managers
- ★ Training and retention of qualified employees does not happen without effort, but the effort pays off

The Importance of Systems

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- ★ Systems are designed to minimize mistakes, maximize productivity, and allow processes to produce products with little intervention
- ★ School district systems include:
 - Financial Systems/Human Resource Systems
 - Internal Control in Systems
 - Student Systems
 - Communication Systems

★ Integrated Financial Systems/Human Resource Systems

- Financial systems allow districts to:
 - Determine program costs
 - Allocate resources
 - Avoid fiscal surprises and crises
 - Provide good internal control
 - Operate efficiently

The Importance of Systems

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★ Integrated Financial H/R Systems Include:

- Accounting Module
- Budget Module
- Purchasing Module
- Fixed Assets Module
- Work Order Module
- Warehouse Module
- Personnel Module
- Position Control Module
- Payroll Module

- ★ Why is position control a district's most important system?
 - The most effective way to budget and manage personnel costs
 - The underlying idea is that positions, not employees, are the basic building blocks for each year's personnel budget
 - Once the master list of authorized positions has been set up in the budget, the control aspect of position control comes into play
 - Full implementation of position control requires the close coordination of personnel, payroll, and budget activities

The Importance of Systems

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★ Controls In an Electronic Environment

- Increased efficiency
 - Transactions can be entered online by sites and departments
 - Reports can be reviewed online
 - Paperwork doesn't need to be sent to the central office
- More timely and accurate information
 - Information is best captured at the point of origin
 - Hard copy reports may not have to be sent out to school sites and departments
 - No paper chase

★ Electronic Internal Controls

- Access can be limited to specific transactions and information
- Approval process can be automated
- Electronic check for budget availability
- Integration

The Importance of Systems

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- ★ So what is the effect of having “bad” systems?
 - Inadequate communication
 - Financial information that is not timely or accurate
 - Personnel information that is not timely or accurate
 - Student information that is not timely or accurate
 - Reduced productivity
 - Greater staff requirements
 - Poor internal controls

Resource Issues for Troubled Districts

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- ★ All problems sooner or later manifest themselves in terms of resources
 - But throwing more money at problems is rarely possible and usually ineffective anyway
- ★ Preservation of resources is a much better strategy than restoration of depleted revenues and reserves

- ★ But there are things that can be addressed
 - Are we claiming all of the revenues available to us?
 - Maximizing strategies for ADA?
 - Grants and categorical programs?
 - Federal programs?
 - E-Rate reimbursement?
 - The structure and amount of long-term debt can provide options
 - The greatest flexibility is on the expenditure side of the ledger – budget cuts generate the most near-term progress
- ★ Look at all options

Resource Issues for Troubled Districts

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★ Growth districts have more money

- Inexpensive teachers
- Administrative efficiency

★ Stable and declining districts have

- Expensive teachers
- Aging facilities



Negotiations

- ★ Right or wrong – no single step in budget decision making can impact as much as collective bargaining
 - Can recast priorities
 - Can make or break a long-range plan
 - Can lead to deficits, bankruptcy, early retirements, and recalls
- ★ Superintendents must be able to lead in an area probably foreign to their training and sometimes foreign to their natural instincts

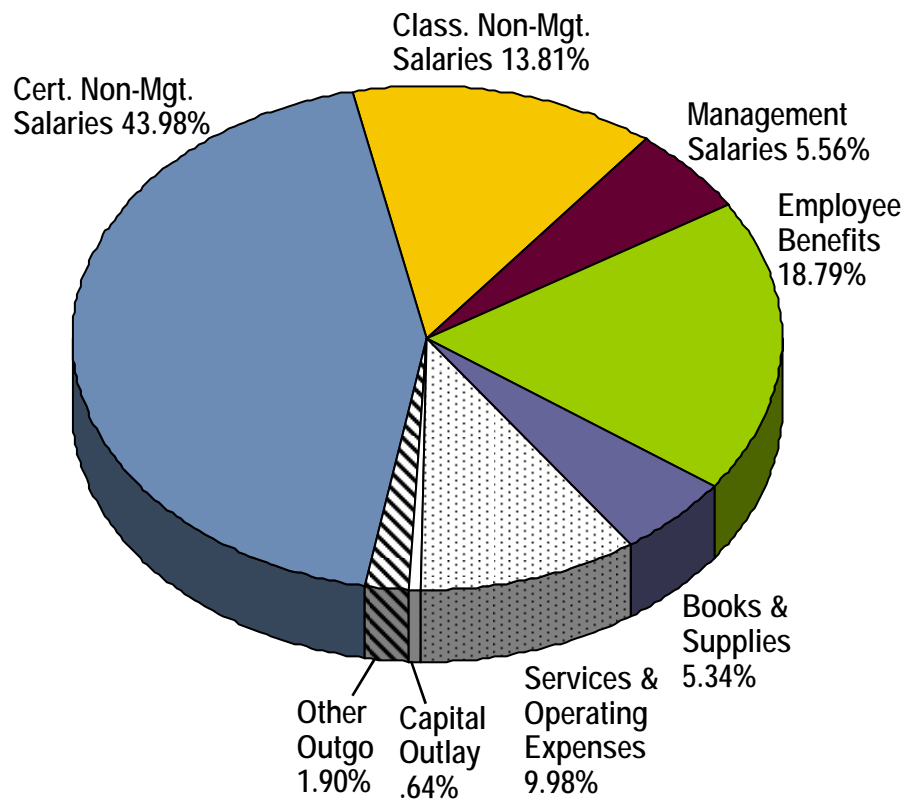
Characteristics That Influence Fiscal Negotiations

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- ★ Changing bargaining methods does not change your role
- ★ Know your interests
- ★ Employee organizations represent employees and not “education”
- ★ Train and lead your Governing Board
- ★ Don't hesitate to communicate to the public
- ★ Educate others – school funding is finite; if “this,” then not “that”
- ★ Employee organizations want to shift the debate from “priorities” to “budget errors”
- ★ If you are going to say “yes,” say it early
- ★ Prepare for negotiations as if you are preparing for factfinding
- ★ Don't be afraid of impasse
- ★ “Factfinding” is an extension of negotiations, not a factual award process

The Cocktail Napkin Version of the District Budget is an Essential Capability

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	\$ Per ADA	% of Total
Cert. Non-Mgt. Salaries	\$ 3,937.12	43.98%
Class. Non-Mgt. Salaries	1,235.87	13.81%
Management Salaries	498.00	5.56%
Employee Benefits	1,682.39	18.79%
Books & Supplies	478.25	5.34%
Services & Operating Expenses	893.18	9.98%
Capital Outlay	57.26	.64%
Other Outgo	170.22	1.90%
Subtotal	\$ 8,952.29	100.00%
Transfers & Other	58.06	.65%
Total Resource	\$ 9,010.35	100.65%

Source: District Financial Reports, 2006-07. Statistics are average unified school districts 2006-07.

Increasing Employee Compensation

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★ Reasons to increase salaries or benefits:

- Salary and benefit totals – total compensation – are not competitive with comparative districts
- Recruiting qualified, top-flight staff has been difficult . . . or will be difficult
- The district needs an injection of a particular type of teacher – such as recent graduates, specialized disciplines, or particular grade levels
- The district expects more time or specialized services beyond the current contract, such as more student contact, more after-school supervision, more club supervision, or in-home visitations

Increasing Employee Compensation

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- Fixed costs for health benefits for teachers, for example, have gone up; if the costs are not absorbed by the district, take-home pay will go down
- The Governing Board, the community, the parents want only “the very best”
- The bargaining unit is giving up current contract language that is important to the district, such as changing the hard controls on work hours and class size, or correcting contract language that has been abused
- In order to avoid a reduction in standard of living, the salary increase needs to match the CPI

The Wrong Reasons to Increase Employee Compensation

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- ★ Common, but wrong reasons to increase compensation:
 - The funds are available
 - The state gave the district more – the COLA went up X%
 - The union reduced its salary demand

A Fair Share Pass-Through Formula

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★ Concept:

- Calculate the district's new revenue limit income plus categorical income that can be used for salaries
- Multiply the district income growth by the prior-year percentage of district expense for salaries and benefits
- Subtract the costs of any district-funded cost increases for health and welfare benefits
- Subtract increases for step and column costs
- Distribute the balance to district employees, either proportionally by unit or as a common percentage

A Fair Share Pass-Through Formula

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TO DISTRIBUTE SALARIES PROPORTIONALLY BY UNIT:

I. Revenue Allocation

A. Calculate Revenue Limit ADA times applicable COLA/equalization aid/deficit reduction per ADA

B. Add categorical COLA income (General Fund only) for those categoricals that support salaries

C. Subtract net loss due to declining enrollment

II. Multiply the sum of the above by the percent of the district's General Fund that is expended for salaries and benefits (Object Codes 1000, 2000, 3000, as a percent of total expense: adjust for staff changes if necessary)

III. Subtract from the result of the above the cost increases for health and welfare for all employees

IV. Split the result of Step III into that share for each of the bargaining units based on the ratio of salaries by unit as a percent of entire salaries

V. Subtract the cost for step and column for each applicable unit

VI. Divide the results of the General Fund cost of 1% for each unit, including statutory benefits

TO DISTRIBUTE SALARIES AS A UNIFORM PERCENTAGE:

A. After Step III, subtract the cost of step and column for all employees

B. Divide the result by the cost of 1%, including the cost of statutory benefits, for all employees

A Fair Share Pass-Through Formula

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- ★ The results of the fair-share formula will be influenced by:
 - Health and welfare average cost changes
 - Distribution of employees between types of plans
 - Change in benefit coverages by employer
 - Carrier premium increases
 - Step and column costs
 - Dollar change between salary cells
 - Characteristics of employee placement
 - Retiree savings or turnover that offset step and column costs

A Fair Share Pass-Through Formula

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- ★ And will be influenced by district characteristics
 - Declining enrollment:
 - Include the loss of revenues between fiscal years (if any) as part of the formula
 - Growth enrollment:
 - Recognize that your percentage ratio for salaries and benefits might be able to be increased
 - Fiscal calamity:
 - Recognize that your percentage ratio might not be able to be maintained
- ★ And can be adjusted down (or up) based on comparative district data

Negotiation Strategy – Use Multiyear Financial Projections

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“Long-range planning does not deal with future decisions, but with the future of present decisions.”

—Peter Drucker

- ★ Present an understandable multiyear projection to the negotiating teams
- ★ Show that, as options or assumptions change, district balances change
- ★ Update and print the multiyear projection with each new proposal
- ★ If revenue assumptions are in dispute, shift to a projection of expenditures
 - And then ask, will revenues match that percentage increase?

Expectations in Negotiations 2007-08

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- ★ Most districts are settled for 2007-08
 - Districts counted on out-year COLAs
 - If the AB 1200 disclosures were revised using the assumptions in the Budget, many would be qualified; some would be negative
- ★ Some districts are at impasse or not settled for 2007-08
 - Is it regressive to pull your offer off the table? Yes
 - Can you do it anyway? Probably
 - You will have the burden of proving that the change in economic conditions makes your previous offer unaffordable
- ★ Many unions may wish they had settled last week
 - But what happens if the union calls and says “I’ll take it”?
 - Board still must ratify

Expectations in Negotiations 2008-09

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- ★ Obviously, the Governor's proposals for 2008-09 yield no pay raises
- ★ Most formula-based settlements or contingency language will produce no salary increases
 - A few districts have "rollback" language if the salary formula goes negative
 - In the past, districts have not used that authority
 - Don't plan on an automatic salary rollback
 - But some districts may need rollbacks to avoid state loans unless they have high reserves
- ★ Plan on paying for step and column increases and health and welfare benefits per current contract language

Negotiations – So Why Can't You Give COLA?

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- ★ There are at least two good reasons
 - First, there is a reason why COLAs do not match CPIs
 - There are two different computations based on two different market baskets of goods and services
 - The CPI represents the increased cost of living for employees
 - ▶ Which may be very different from the inflationary increases associated with operating a government agency
 - The CPI and COLA are just not the same
 - The COLA must cover many costs besides compensation (i.e., utilities, insurance, etc.)

Negotiations – So Why Can't You Give COLA?

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- Second, districts can often give the COLA, but it comes in three components:
 - Step and column come out of the COLA first
 - Then dollars for health and welfare increases do
 - An across-the-board salary increase also comes out of the COLA
- Over the past few low-COLA years, many districts have given more in health and welfare benefits alone than they received in COLA – even before considering declining enrollment
- ★ You can spend each dollar only once – but take credit for all compensation increases, not just the salary schedule percentage, when computing the amount you have given

Negotiation Strategy – Consider Negotiation Trades

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- ★ Cost rollbacks – contract change – is likely the best basis for a compensation increase
- ★ Examples:
 - Relaxation of class-size controls
 - Restructuring of preparation time
 - Spring loading of high school staffing
 - Reduction of employee release time and thus reduction in substitute costs
 - Shift of benefit plans and usage to create savings
- ★ What are some provisions your district could put in its initial proposal to create enough savings to offer an increase to teachers? Could you create enough future savings to provide a future increase?

Language – Prep Time

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File Edit Document Tools Plug-Ins View Window Help

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5.3.10 Every effort will be made for teachers who are assigned to more than one (1) school to minimize travel time and ensure an adequate amount of time for lunch and preparation periods.

5.3.11 Principals of schools served by the same elementary special subjects specialists or any other teachers assigned to see that the duties of the staff of the school.

5.3.12 When eight (8) hour day, they will be granted

5.3.13 Scheduling compensation of the District. All

5.4 **Preparation Time/Extra Allocation Time**

5.4.1 Each middle, junior high, and senior/high school teacher will be provided one (1) preparation period daily which will equal the standard instruction period in each individual school.

5.4.1.1 No junior high or middle school teacher shall be required to function as a department chairperson.

5.4.2 Each elementary teacher will be provided at least ninety (90) minutes of preparation time per week.

5.4.2.1 Teachers hired into preparation specialist positions are intended to be those with regular K-6 credentials. Those preparation specialists teachers who worked in the elementary preparation program in 1991-92 and return to a preparation specialist position in 1994-95 shall not be required to have a regular K-6 credential.

5.4.2.1.1 Each site shall determine how to best and fully utilize its above-staffing allocation for the school year.

5.4.2.2 The parties have established the goal to work towards providing 180 minutes of prep time for elementary teachers by use of existing resources. This goal applies to each week which includes a regular teaching day. The sites may provide one or more of the following options within legal parameters and program needs. Annually, the site shall decide which option(s) will be used.

a. Early/late options

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GASB 43 and 45 Impact on Negotiations

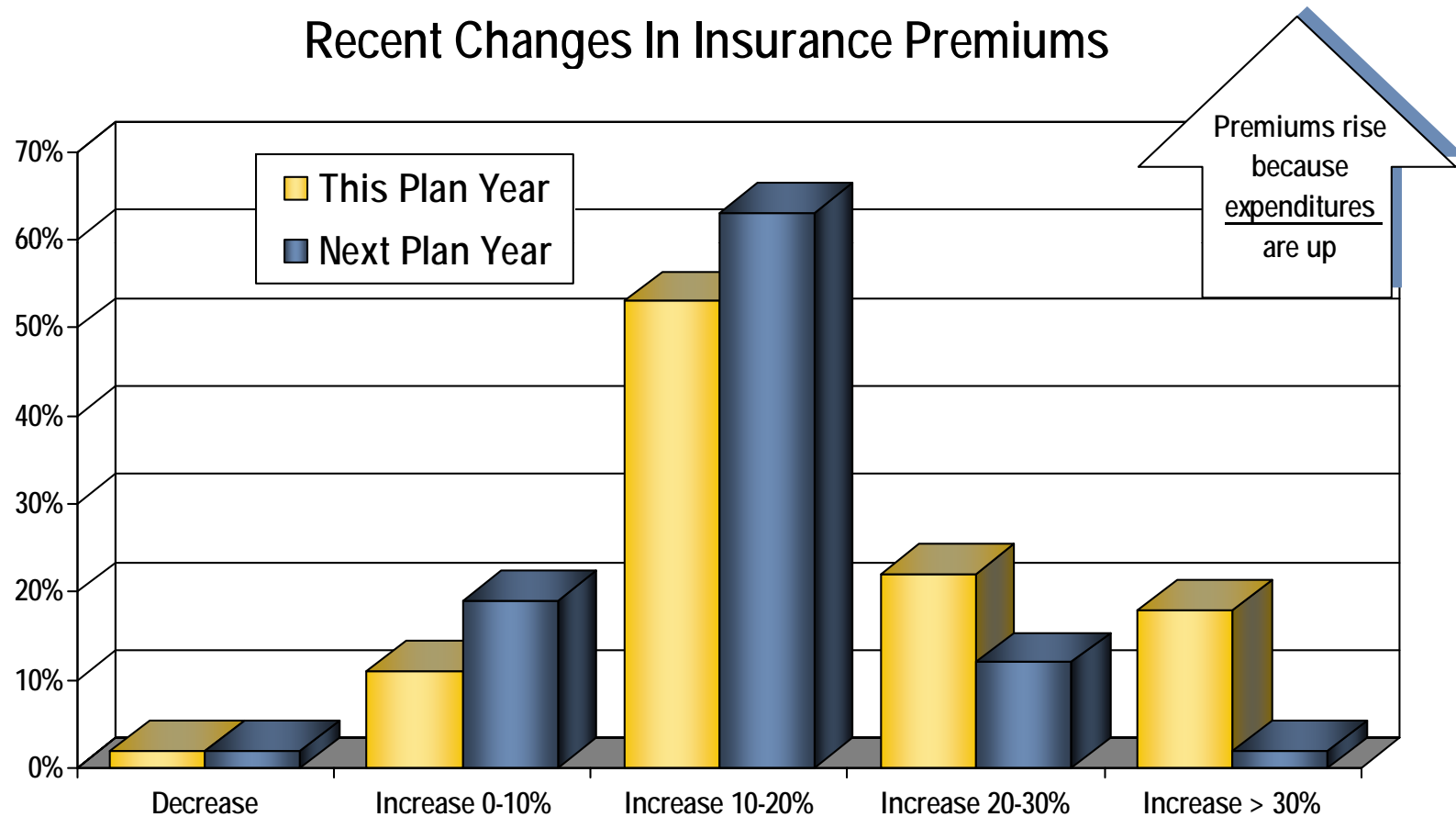
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- ★ GASB 43 and 45 address financial reporting for other postemployment benefits (OPEB)
 - Includes health benefits provided to retired employees
- ★ OPEB must be recognized as a liability on the LEA's financial statements
 - Moved up from a footnote to formal recognition
 - But doesn't take the additional step of requiring that matching reserves be set aside
- ★ Districts that do not set aside reserves will show a significant unfunded liability on financial statements
 - What will this do to financial ratings and debt issuances?

Economic Considerations – Benefit Cost Forecast

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Recent Changes In Insurance Premiums

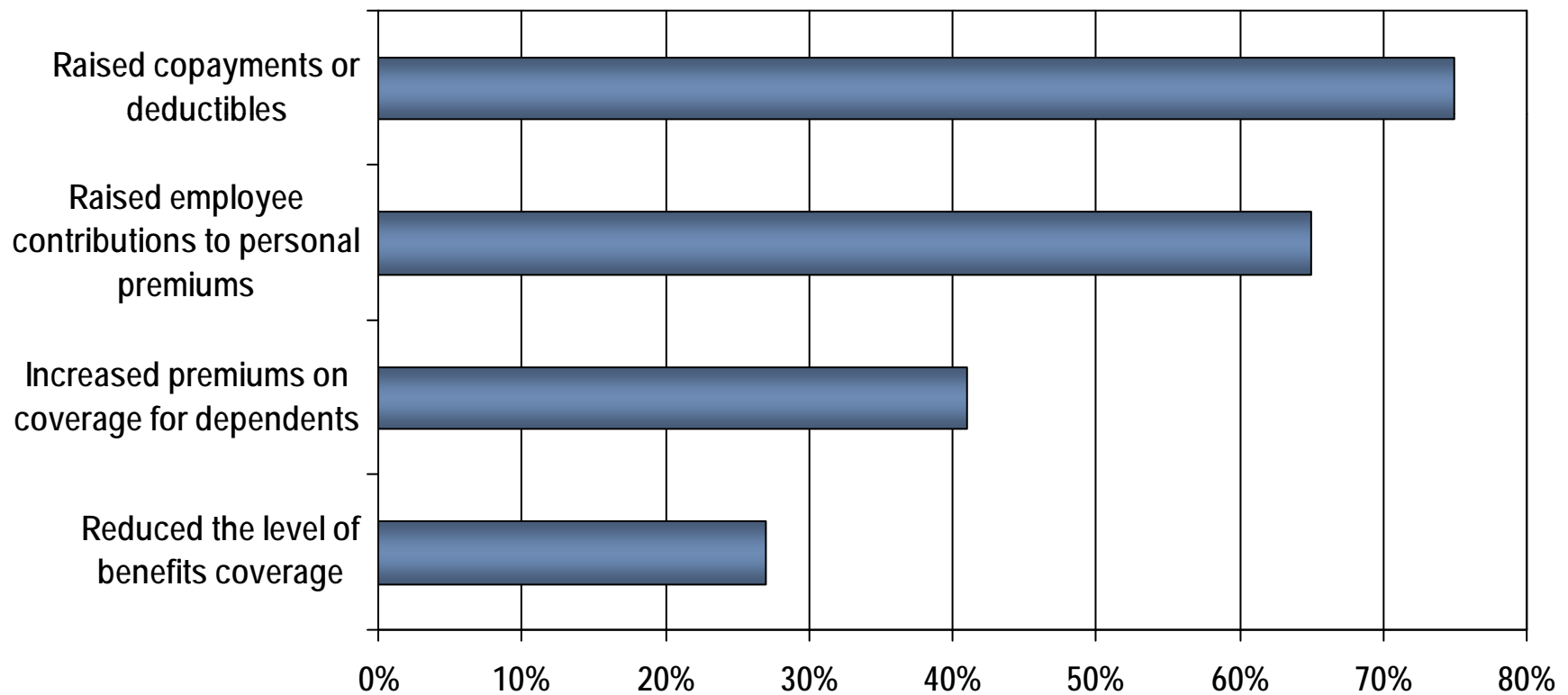


Source: UCLA Anderson Forecast Survey

Economic Considerations – Benefit Cost Forecast

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Changes in benefits among the 50% of firms who altered their coverage plan in response to higher premiums.



Source: UCLA Anderson Forecast Survey


Health Benefits – To Cap or Not To Cap

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- ★ Costs vary significantly among districts
- ★ Always evaluate the plan and the plan cost separately
- ★ When comparing costs between districts, higher or lower costs may be a result of quality of the plan or buying efficiency
- ★ There is wide variation in costs for the same plan
- ★ Lowering overall plan costs is better than shifting “who pays”

Health and Welfare Benefits


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Bargaining Hunter™

The Answer to Your Bargaining Questions

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MY PROFILE
PLAN A REPORT
MEMBER SERVICES
HELP

Comparison of Health & Welfare Benefits

Available Districts: { All Previously Selected Districts }

District Name	Rank	Health & Welfare Per ADA	Health & Welfare Dollars	Average Active Employee District Contribution Per FTE**	Maximum Active Employee District Contribution Per FTE	Maximum District Contribution For Retired Teachers (Under 65)	Maximum District Contribution For Retired Teachers (Over 65)
	1	\$279.05	\$2,318,388.00	\$3,771.97	\$5,043.36	\$1,500.00	\$192.00
	2	\$472.31	\$2,487,656.00	\$5,185.74	\$9,987.00	\$2,652.00	\$0.00
	3	\$548.38	\$3,098,883.00	\$5,612.57	\$8,933.52	\$0.00	\$0.00
	4	\$534.47	\$4,035,217.00	\$5,761.99	\$5,880.00	\$4,128.00	\$7,075.00
Average of Selected Districts	5	\$512.46	\$11,579,128.38	\$5,230.12	\$7,015.74	\$2,681.72	\$1,478.31
	6	\$528.86	\$13,287,100.00	\$6,221.59	\$6,271.24	\$5,120.04	\$0.00
	7	\$544.29	\$19,569,850.00	\$5,050.76	\$5,333.41	\$3,726.72	\$3,119.01
	8	\$492.85	\$23,235,208.00	\$5,624.66	\$7,460.40	\$4,326.96	\$1,440.48
	9	\$537.58	\$24,600,725.00	\$4,611.65	\$7,217.00	\$0.00	\$0.00
All High School Districts	10	\$677.63	\$34,070,445.00	\$6,509.80	\$10,412.40	\$4,928.00	\$4,928.00
All High School Districts	11	\$570.81	\$2,297,175,188.00	\$6,101.49	\$7,050.69	\$3,864.86	\$728.60

 Choose Districts
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9. EMPLOYEE BENEFITS

9.1 **Employee Benefits**

9.101 The District shall make the following contributions for medical, dental, vision and group life insurance:

a. **Medical** : Commencing 7/1/99 the district will make available to each member the cost of the member's premium for the member's HMO plan.

If for some reason a member does not wish to enroll in a district-sponsored medical plan, the member may elect to receive \$200 for the year in lieu of medical insurance to be applied to other insurance benefits or the Section 125 IRS Plan, as approved by the District.

b. **Dental, Vision, Group Life** The District will contribute the premium amounts (employee-only) for each member to be applied to dental care * (Delta Dental), vision care (California Vision Service) and group life insurance) for 1997/98 The dental cap to be raised to \$1500.00 This will become effective at the beginning of the next plan year, 11/1/97. Life insurance coverage will be raised to \$100,000 basic term, effective November 1, 1998.

c. **Section 125 IRS** The unreimbursable medical cap for the Section 125 IRS provisions shall be \$3,600.

Find

Find What: employee benefits Find

Match Whole Word Only

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Cancel

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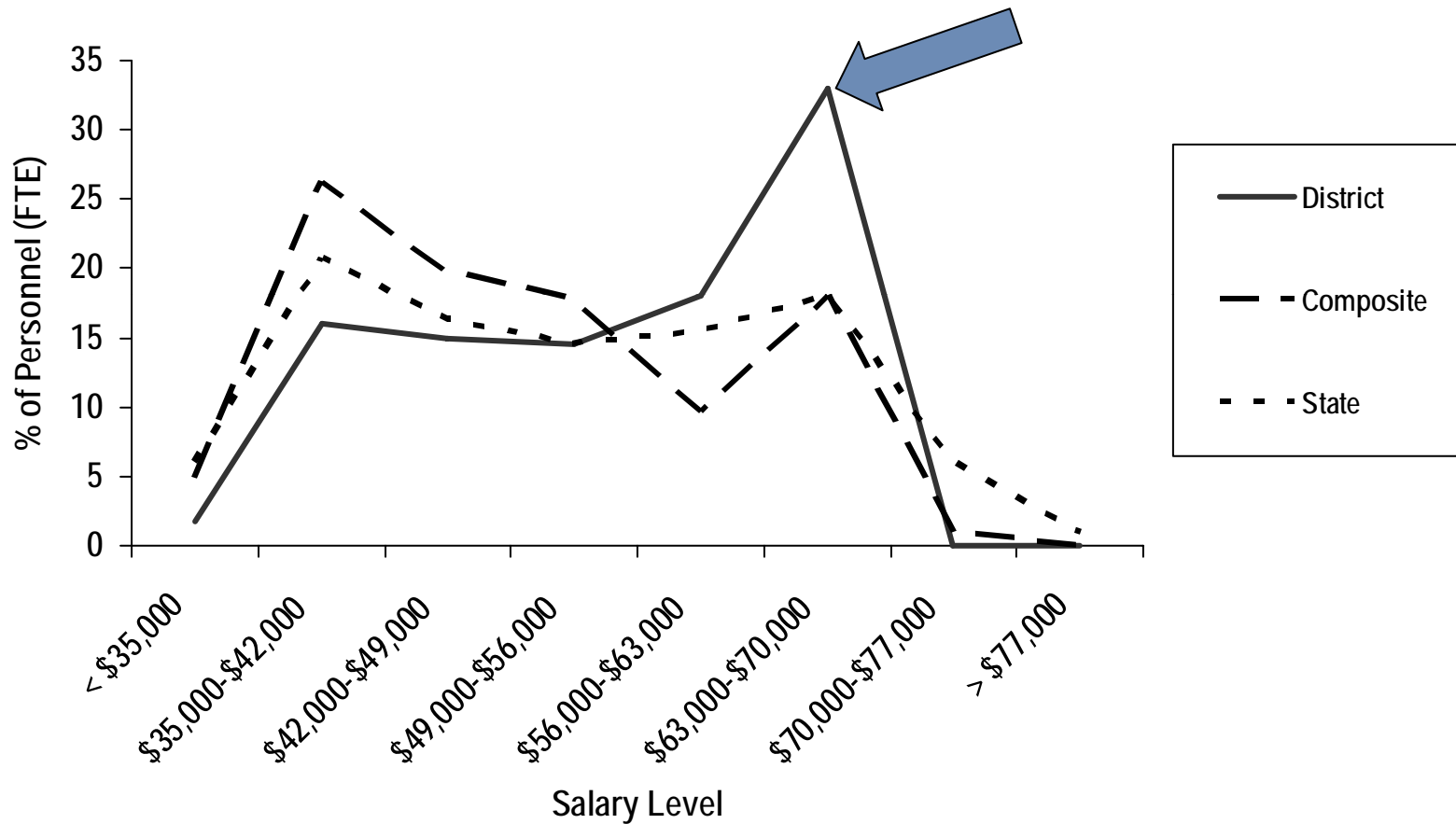
Health and Welfare Benefits

65

- ★ Consumer-driven health care – the next frontier
 - Example of how it works:

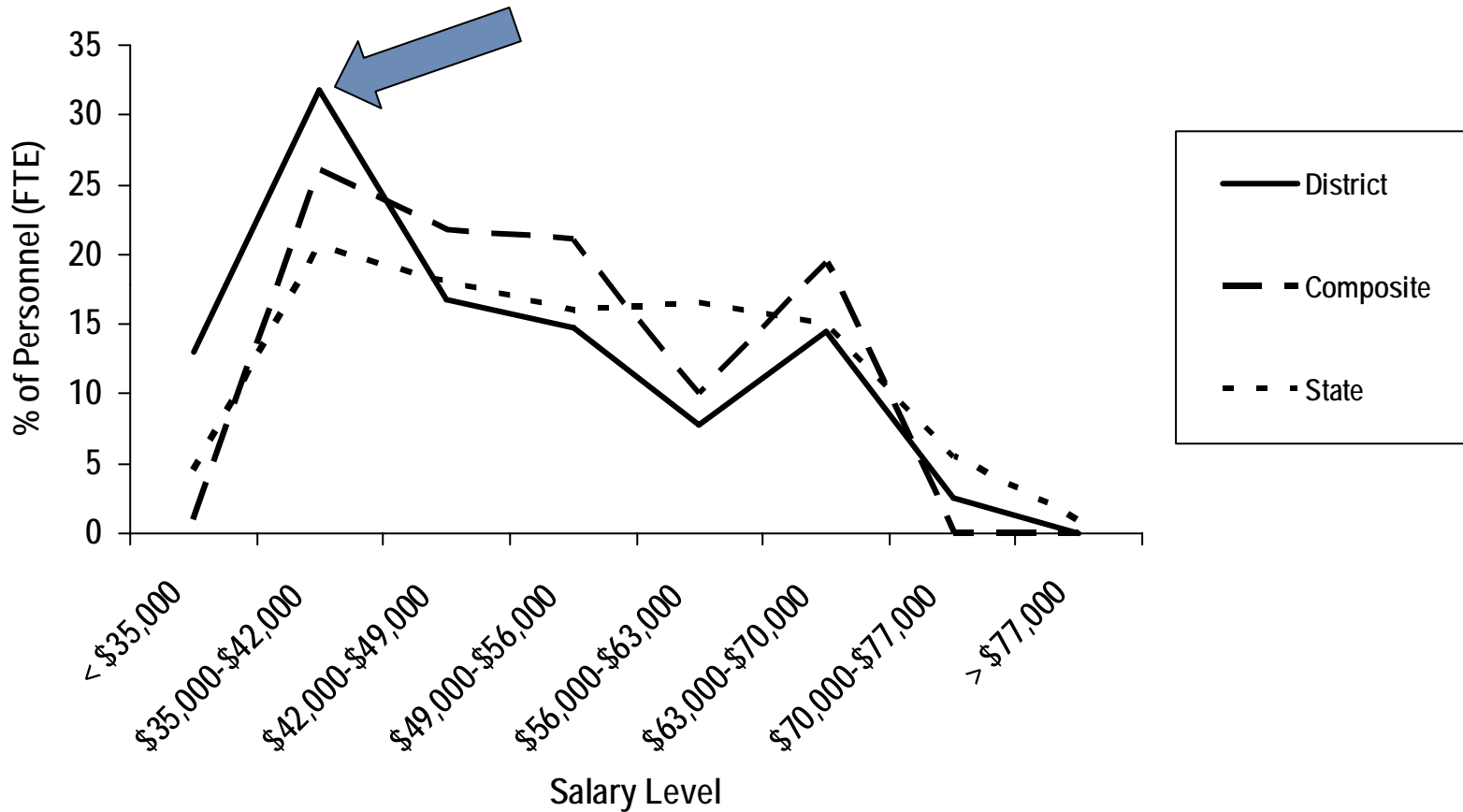
Family Plan		
<u>Preventive Care Benefits</u> Immunizations, routine physicals, health screenings; deductible and co-insurance do not apply	Covered 100%	
<u>Health Fund Allocation</u> Employer-sponsored account – balances may roll over from year-to-year; employees use money from Health Fund first to pay for medical and prescription expenses	\$1,500	\$3,000 Deductible
<u>Member Share</u> Employees are responsible for those expenses not paid by the Advance Health Fund until the deductible is met	\$1,500	
<u>Medical Plan Benefits</u> Claims are paid under this portion of the plan when the deductible has been met Advance Health Fund is exhausted and employee has paid Member Share	90% Network Provider 70% Non-Network Provider	
<u>Co-insurance Limit</u> The maximum amount of money employees will be required to pay out of pocket each year for eligible medical services. Once the co-insurance limit has been met, the Medical Plan Benefits will cover 100% of the eligible services	\$3,000	

Retirement-Ripe District – Comparative Analysis of Certificated Salaries 2004-05 Salary Distribution



District = Retirement-Ripe UNIFIED
 Composite = Average of Comparative Districts
 State = Statewide UNIFIED Average

Retention-Ripe District – Comparative Analysis of Certificated Salaries 2004-05 Salary Distribution



District = Retention-Ripe ELEMENTARY
Composite = Average of Comparative Districts
State = Statewide ELEMENTARY Average

- ★ Early retirement programs can enable you to:
 - Address budgetary problems and fiscal savings needs
 - Pay for new collectively bargained salary increases and benefits
 - Restructure or reorganize programs or departments
 - Reinvigorate the work force or resolve problem situations
 - Recognize and reward long-service employees
 - Enhance employees' retirement benefits

Early Retirement Incentives

69

- ★ When considering early retirement incentives, include the following:
 - Track the costs to ensure that the program is creating a savings for the district
 - Do not offer the program every year; the incentive becomes separation pay if offered every year
 - Require a minimum number of participants in order to ensure savings
 - Provide individual counseling to answer sensitive questions
 - Remember – only added retirements are “early” and save money – on-time retirements produce no added savings
 - Savings from “early retirees”; payments to “all retirees”

Preparing for Negotiations

70

- ★ Good initial preparation for negotiations is hard work
 - Requires thought about what to communicate and how to make it useful to the user
 - Preparation is more about communication and less about persuasion
 - Provide the other party with the information you would like to have if your positions were reversed



Preparing for Negotiations

71

- ★ The best way to stay out of factfinding is to prepare for it
 - If you end up in factfinding, you must show:
 - Comparability
 - Maintenance of effort
 - And sometimes inability to pay
 - Factfinding isn't fun, but it's better than a bad agreement

- ★ Comparability means that, within some select group of districts, your salary, benefits, and working conditions are within the normal expected range for the group
 - Show that by selecting reasonable districts for comparison
 - Districts within the normal commuting distance of your district make good comparables
 - We are measured by what others are able to do
- ★ Maintenance of effort means that what you are offering will allow you to maintain relative comparability
 - Think total compensation and working conditions
- ★ Inability to pay means you have special circumstances that prevent you from spending more
 - Declining enrollment, lower revenues, and other conditions may require discussion of the district's ability to pay more
- ★ So, how do you demonstrate these three factors?

Revenue Comparison

73



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Comparison of General Fund Revenues per ADA

Available Districts: { All Previously Selected Districts }

District Name	Rank	Revenue Limit Per ADA	Federal Revenue Per ADA	Other State Revenue Per ADA	Other Local and Prior Yr Revenue Per ADA	Total
...	1	\$4,889.44	\$166.97	\$909.54	\$492.90	\$6,458.85
...	2	\$4,857.66	\$375.16	\$1,097.46	\$406.78	\$6,737.07
...	3	\$4,933.45	\$233.60	\$1,013.71	\$839.40	\$7,020.17
...	4	\$4,999.14	\$285.60	\$1,641.38	\$122.57	\$7,048.69
...	5	\$4,804.33	\$471.40	\$1,828.36	\$214.98	\$7,319.06
Comparative Districts Average	6	\$5,003.31	\$412.54	\$1,767.74	\$283.77	\$7,467.36
...	7	\$4,799.95	\$738.70	\$1,846.61	\$147.37	\$7,532.64
All Unified Districts	8	\$4,897.54	\$507.45	\$1,806.22	\$364.90	\$7,576.12
...	9	\$4,759.73	\$630.71	\$2,195.53	\$190.51	\$7,776.47
...	10	\$5,255.12	\$436.26	\$1,957.39	\$346.43	\$7,995.21
...	11	\$5,824.08	\$255.60	\$1,174.75	\$809.42	\$8,063.84

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Comparison of Teacher Salaries


74



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Comparison of Certificated Non-Management Salaries

Available Districts: [All Previously Selected Districts]

District Name	Rank	Computed Average Salary	Certificated Non-Mgt Per ADA	Salary Schedule Percentage Change 2001-02 vs. Prior Yr	Lowest Daily Rate	Highest Daily Rate
	1	\$49,665.54	\$3,001.10	2.50%	\$159.81	\$369.22
	2	\$50,322.98	\$3,642.95	3.54%	\$161.11	\$404.26
	3	\$51,199.20	\$3,607.14	3.87%	\$185.79	\$370.44
	4	\$51,523.37	\$3,593.34	3.87%	\$199.22	\$381.81
All High School Districts	5	\$52,415.55	\$3,467.31	3.29%	\$186.04	\$370.12
	6	\$52,591.01	\$3,375.12	3.90%	\$194.47	\$413.24
Average of Selected Districts	7	\$52,846.64	\$3,536.74	3.40%	\$182.75	\$383.99
	8	\$53,351.33	\$3,391.97	2.37%	\$177.25	\$370.96
	9	\$53,593.12	\$3,568.74	4.26%	\$175.82	\$379.67
	10	\$56,289.59	\$3,509.90	3.80%	\$202.80	\$406.28
	11	\$56,827.97	\$3,595.81	3.00%	\$200.22	\$389.29

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Maximum Class Size

75



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Class Size: Maximum Class Size Elementary

Available Districts:
 Beginning Fiscal Year:
 Ending Fiscal Year:

District	Fiscal Year	Kindergarten Class Size	Grades 1-3	Grades 4-6	Extracurricular	Maximum Exceeded	Compensation
...	2001/02	29	29	29	N/A	No	No
...	2001/02	25	25	32	N/A	Yes	Yes
...	2001/02	30	30	30	N/A	No	Yes
...	2001/02	31	31	34	N/A	No	No
Average of Selected	N/A	29	29	31	N/A	25%	1
Unified Sch. State Avgs	N/A	28	28	32	27	42%	0
...	2001/02	32	31	33	N/A	Yes	No
My District vs State	N/A	4	3	1	N/A	58%	N/A
My District vs Avg of Selected	N/A	3	2	2	N/A	75%	N/A

* Denotes Unconfirmed Contract Data



Maintenance of Effort

76

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Historical Certificated Non-Management Salaries - Unrestricted


Available Districts: { All Previously Selected Districts }
Fiscal Year: All

District Name	Year	% Of Total Expense	Certificated Non-Mgt Per ADA	PCTCHG	Per Diem Amount
	1999-00	51.52%	\$2,189.59	1.12%	\$242.23
	2000-01	51.21%	\$2,458.71	9.00%	\$267.31
	1999-00	57.43%	\$2,465.72	.00%	\$250.81
	2000-01	56.45%	\$2,816.99	9.84%	\$282.62
	1999-00	56.88%	\$2,237.47	4.21%	\$261.07
	2000-01	57.64%	\$2,621.95	11.27%	\$293.47
	1999-00	53.71%	\$2,370.51	3.50%	\$276.21
	2000-01	55.29%	\$2,724.58	10.00%	\$307.10
	1999-00	49.67%	\$1,990.66	1.50%	\$228.45
	2000-01	49.19%	\$2,681.80	1.50%	\$259.06
	1999-00	52.45%	\$2,012.24	1.37%	\$231.61
	2000-01	52.46%	\$2,441.23	10.00%	\$259.73
	1999-00	53.28%	\$2,156.71	5.00%	\$249.96
	2000-01	53.86%	\$2,418.94	10.32%	\$275.41
	1999-00	53.23%	\$2,418.40	4.50%	\$268.54
	2000-01	51.96%	\$2,785.31	11.05%	\$301.93
	1999-00	53.61%	\$2,204.87	3.40%	\$252.35
	2000-01	53.47%	\$2,549.32	9.85%	\$275.03

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COLA/CPI Comparison


77



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Historical Comparison of District Salary Increases to Benchmarks

Available Districts: { All Previously Selected Districts }
Fiscal Year: All

District	Year	CPI	Statutory COLA	Funded COLA	Salary Schedule Percentage Change 2001-02 vs Prior Yr
Carmel Joint Unified	1999-00	3.600%	1.410%	3.420%	1.12%
	2000-01	5.300%	3.170%	10.930%	9.00%
Cerritos Joint Unified	1999-00	3.600%	1.410%	3.420%	.00%
	2000-01	5.300%	3.170%	10.930%	9.84%
Cerritos Valley Unified	1999-00	3.600%	1.410%	3.420%	4.21%
	2000-01	5.300%	3.170%	10.930%	11.27%
Covina Unified	1999-00	3.600%	1.410%	3.420%	3.50%
	2000-01	5.300%	3.170%	10.930%	10.00%
Covina Unified	1999-00	3.600%	1.410%	3.420%	1.50%
	2000-01	5.300%	3.170%	10.930%	1.50%
Covina Unified	1999-00	3.600%	1.410%	3.420%	1.37%
	2000-01	5.300%	3.170%	10.930%	10.00%
Covina Unified	1999-00	3.600%	1.410%	3.420%	5.00%
	2000-01	5.300%	3.170%	10.930%	10.32%
Covina Unified	1999-00	3.600%	1.410%	3.420%	4.50%
	2000-01	5.300%	3.170%	10.930%	11.05%
Covina Unified	1999-00	3.600%	1.410%	3.420%	3.40%
	2000-01	5.300%	3.170%	10.930%	9.85%

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Impasse and the Next Steps

78

- ★ When agreement is not achieved during the first phase of the negotiation process, one or both of the parties may declare impasse
- ★ Declaration of impasse formalizes a request for assistance to the Public Employment Relations Board (PERB)
- ★ Once impasse is declared, the process consists of two consecutive opportunities to achieve agreement closure
 - Mediation
 - Factfinding

★ Mediation

- One of the parties submits the required form to PERB stating that the assistance of a mediator is required to continue the process
- PERB responds and assigns a mediator
 - Be proactive in the selection and assignment of a mediator – you don't have to take the "luck of the draw"
 - It is acceptable to request a specific mediator from PERB
- The assigned mediator will contact the chief negotiators and establish date, time, and location for the mediation

Impasse and the Next Steps

80

- ★ Mediation sessions are sometimes held at a neutral location
 - Facility rental may become part of this process
 - Two rooms are needed
 - Mediator carries messages back and forth between the parties attempting to reach compromise and – ultimately – agreement
 - If agreement is achieved, the process is concluded
 - The union has the burden of ratification by its members before the agreement is presented to the Board of Education

- ★ If total agreement is not achieved, take advantage of mediation
 - Reach as many tentative agreements as possible and reduce the number of remaining items
 - Use the mediator's skills to your best advantage
 - Remember, only the unresolved items move forward to the next step – factfinding

- ★ If entire contract resolution is not achieved through mediation, urge the mediator to assist the parties in identifying the issues for certification in the next phase – factfinding

Factfinding – The Formal Process of Dispute Resolution

82

- ★ A panel of three “hears” the dispute
 - One panel member is chosen by the union
 - One panel member is chosen by district management
 - The neutral is selected from a list provided by PERB
- ★ A list of issues is filed with PERB



Factfinding – The Formal Process of Dispute Resolution

83

- ★ In response to receipt of the issues declaration, PERB sends a list of names or assigns a neutral chairperson
 - Note: Five-day time limit from date of receipt of PERB letter to make this selection

- ★ District management should select its panel member early
 - Let the panel member:
 - Assist the district in selecting available dates
 - Assist in providing information about the members on the PERB list
 - Assist the district in preparation for factfinding

Factfinding – The Formal Process of Dispute Resolution

84

- ★ View your panel member as the coach
 - Your success in factfinding will be determined by:
 - One – your panel member and the neutral selected
 - Two – the thoroughness of your preparation
 - Three – the effectiveness of your presenters during the hearing

Factfinding – The Formal Process of Dispute Resolution

85

- ★ With your panel member identified and the date established, the district team must now begin the work of compiling the factfinding book that must contain all of the district's presentation materials
 - This should be a process of:
 - Compiling quality documents generated during the negotiation process
 - Preparing the narrative to prove your case
 - Developing charts, graphs, and graphics that support your case
 - Gathering data that will persuade the neutral that a decision in favor of the district is right, fair, and reasonable
- ★ The process must begin within ten days of the selection of the neutral unless the time restrictions are waived by both parties

- ★ The following is an outline of what a district's factfinding book should contain:
 - Responsibility of the Factfinding Panel
 - Proposed Stipulations
 - History of Negotiations
 - Issues Listing
 - Sample of Issue Presentation

Prepare and then Prepare Some More

87

★ Prepare yourself:

- Start Early
- Collect data as if you are going to factfinding
- Establish your credibility . . . internally and externally

★ Prepare your Board

- Establish goals and priorities
- Judge its commitment . . . understand its strengths and limitations

★ Prepare the Union

- Share the fiscal data and information . . . be open
- Teach but don't preach
- Offer an "information" exchange meeting

★ Fiscal proposals

- Don't build your initial case on "inability to pay" – it is only part of the equation – use comparability and maintenance of effort
- Package your proposals – think total compensation
- Linking proposals to necessary budget changes is okay
- Time limit your proposals
- Consider public explanation of your recommendations

★ Keep your goals in sight

- Tie everything you do in negotiations to the direct impact on students
- Think long term; don't agree to things you cannot sustain
- Remember, your district is not alone in dealing with the state's fiscal crisis
- Don't apologize for what you can't do; focus on what you can do
- Finally, don't give up language
 - You are not obligated to "give something"
 - This is not a year to "give" or "get"; it is a year to maintain



Quiz

90

Answer true or false to the following statements:	True	False
1. Collective bargaining is an important budget decision.	<input type="checkbox"/>	<input type="checkbox"/>
2. Employee organizations represent education.	<input type="checkbox"/>	<input type="checkbox"/>
3. Factfinding is a factual award process.	<input type="checkbox"/>	<input type="checkbox"/>
4. Education of all parties of interest is an essential component of negotiations.	<input type="checkbox"/>	<input type="checkbox"/>
5. COLA Percentage should always be used for salary increases.	<input type="checkbox"/>	<input type="checkbox"/>
6. There are two approaches to a "fair share" pass-through formula: a. Proportional distribution by unit b. Uniform percentage distribution	<input type="checkbox"/>	<input type="checkbox"/>



Becoming a Successful CBO

- ★ Characteristics of Successful CBOs
- ★ Stages of Development for a CBO
- ★ Relationships: An important Part of a CBO's Life
- ★ Contacts and Resources Available to You
- ★ Critical Programs/Issues You Must Know
- ★ Problem-Solving Skills
- ★ Top Ten Things to Know About Becoming a CBO

Characteristics of Successful CBOs

93

★ Successful CBOs:

- Understand the educational mission of the district
- Have great people skills
- Have the ability to communicate clearly – both the written and spoken word
- Have team leadership skills as leader of the business department
- Possess team member skills as cabinet/senior staff members
- Have the ability to see and promote major concepts

Characteristics of Successful CBOs

94

★ Successful CBOs:

- Are equally able to see the “big picture” and to understand relevant details
- Must develop “expert” budget skills – and adequate skills in other areas
- Must both give and inspire loyalty
- Have honesty and credibility that is above question
- Develop good problem solving skills

★ Superman might have a chance!



Stages of Development for a CBO

95

- ★ Preparation begins at birth
 - Successful CBOs build on past experience to achieve future success
 - A background in business or finance helps, but many successful CBOs have a different career path
- ★ Management skills and people skills transfer to any role and any industry
- ★ Technical skills can be learned
- ★ Master the budget first – or plan to get fired soon
 - The budget is a “pass-fail” item
 - You must become a budget expert
 - Add other expertise at the pace allowed or required
- ★ Learn to rely on staff experts – but be prepared to guide, train, and help them
- ★ Successful CBOs never stop learning

Relationships: An Important Part of a CBO's Life

96

- ★ Our value is defined by our contributions to our district team
 - It starts with the superintendent – “Thou shalt not covet the superintendent’s job” – but seeing things from that perspective helps
 - You are there to make the vision of the superintendent and Board a reality
 - Know the vision well and set priorities accordingly
 - Get to know the Board members as individuals and as a Board
 - The county office of education is the CBO’s friend
 - Use your professional organizations – get involved
 - Establish a network of great CBOs and competent business area experts – give as much as you get
 - Get to know your auditors, consultants, legal team, architects, etc. – develop mutual respect
 - Develop healthy relationships with principals, cabinet members, union leaders, and community groups

Relationships: An Important Part of a CBO's Life

97

★ How you spend your first week matters

- Find your office – then get out of it!
 - Visit schools
 - Meet key players on their own ground
 - Don't forget the city manager and the police chief – you will have many interactions
- Take the initiative to introduce yourself
- Show that you care about and respect your new colleagues
- Don't be known as the “no man” – you can't lead if no one follows you

Contacts and Resources Available to You

98

- ★ Every CBO will need help from time to time
 - County offices and state agencies provide oversight and info
 - CASBO provides technical support through the Research and Development and Professional Development committees
- ★ CASH, SSC, CASBO, ACSA, and CSBA all provide workshops, training support, and best of all – networking opportunities
- ★ Develop a rolodex
- ★ Find reasons to get involved with people and organizations that you like, trust, and admire

Contacts and Resources Available to You

99

- ★ Everyone is a resource
 - Some teach us what to do; some show us what to avoid
 - Everyone we work with leaves an idea or two with us
- ★ There is no need to “go it alone” – there are plenty of people to help – ASK!
- ★ The Financial Crisis and Management Assistance Team (FCMAT) is there to help

Critical Programs/Issues You Must Know

100

- ★ You must know the budget
 - First the district budget
 - But also the State Budget issues that affect your district
- ★ CBOs are hired for their people skills, but fired if the budget tanks
- ★ Facilities programs are a big business for many districts
- ★ You will be more involved than ever in negotiations – you will need workshops, training, and prayers
 - Bad deals at the bargaining table can spoil your whole day
 - Bargain for a fair deal, but don't expect everyone to see it your way
- ★ Lobbying, legislation, and district positions on issues
- ★ Learn – and follow – the Brown Act
- ★ The Public Contract Code is not logical – study it – it is the law

Problem-Solving Skills

101

- ★ Problems provide opportunities
- ★ Find a methodology that works for you
- ★ Most problems involve structuring a solution so it is accepted by participants
- ★ Problems can be broken into parts
 - Leadership – always first and most important
 - People – use difficult issues to build capacity within the staff
 - Systems – structure solutions so problems stay fixed
 - Resources – important, but will be wasted if the other components are ignored
- ★ You are a district leader, a member of the leadership team, and an operating manager – all at the same time
 - Know which role the situation calls for and adjust
 - Learn when to tell and when to sell

Top Ten Things to Know About Becoming a CBO

102

1. This just in – being a first-class CBO is tough!
2. Technical skills are important – but relationships are more important.
3. Develop a list of “go-to guys” in your network and use it.
4. Give and take liberally from your professional organizations.
5. Communication skills are critical – we all can do better.
6. Study situational leadership – learn to lead, follow, and be a team player equally well.
7. The budget will always be a pass-fail test – you must pass.
8. Business thinking brings accountability and discipline to programs.
9. When using consultants and contractors, be a demanding customer – be sure that the taxpayers get fair value.
10. Be a life-long learner – the only constant is change.