



March 15, 2022

## ***Memorandum***

To: Board of Directors

From: John Speer, Chief Administrator  
Jackie Schreder, Director of Human Resources  
Barb Harms, Director of Business Services

Re: **Memorandum of Understanding (MOU) for Master Contract Agreements for the 2022-23 Contract Year**

The Agency and Association have a 3-year bargaining agreement in place for both Contracted Staff and Classified Staff for 2020-23 that provides for a package increase in 2022-23 based on a formula of Supplemental State Aid (SSA) and change in student enrollment. This formula has generally been applied for the three non-bargaining groups as well, which includes Management, Salaried and Management Support Staff.

This formula has served the parties well in prior years in supporting multi-year agreements and budget forecasting, however an agreement was approved for a different package amount for 2021-22 due to the unexpected and unusual loss of over 1,100 students in our area enrollment numbers that would have significantly impacted the compensation packages for Agency staff under the formula.

A combination of circumstances also exists as we project compensation packages for the 2022-23 work year. With SSA funding of 2.5%, coupled with a slight enrollment increase and projected flat funding, the formula would result in a package increase for 2022-23 of 2.0%. Total dollars generated by the package increase for each group are first to be used to pay the costs of benefits increases, with the remaining monies to be used for salary step advancement and/or distribution on the salary/pay schedule. In addition to SSA and student enrollment, an increase in health insurance rates has a considerable impact on total package costs. Health insurance rates for 2022-23 were established by the MIIP Board on March 3, and rates for the Agency plans will increase by 4.5%.

A package increase of 2.0% would result in the following for each bargaining group:

- Contracted Staff: The package increase would cover the costs for benefit increases, however would not be sufficient to fund step advancement.
- Classified Staff: The package increase would cover the costs for benefits increases and provide a wage increase of \$.22/hour.

In addition to a package increase that is less than the costs for both benefit increases and step advancement for Contracted Staff, and which provides a minimal wage increase for Classified Staff, other current context considerations include:

- Inflationary factors are impacting staff across all employee groups.
- There is a need for the Agency to provide compensation packages that remain competitive and comparable in the market. Initial scans indicate that many districts and AEAs are projecting package settlements around 3%, which, under current Iowa law, is the maximum increase allowed for base wages for arbitration purposes when the consumer price index for the Midwest region exceeds 3%.
- At this point in time, the Agency can support the costs associated with a higher package increase than what is provided in the formula.

Therefore, we are recommending a Memorandum of Understanding (MOU) with each bargaining unit to provide a total package increase of 3.0%, in lieu of the formula, which will apply solely to the 2022-23 contract year. This MOU will provide for a fiscally responsible package settlement for the current environment.

Cost summaries for a package increase of 3.0% for each bargaining group are provided on the following page and, in summary, will result in the following for each group:

- Contracted Staff: The package increase would cover the costs for benefit increases, step advancement and an additional \$400 dollars on the base salary (from \$36,155 to \$36,555). This package increase will result in an average salary increase of 2.9%.
- Classified Staff: The package increase would cover the costs for benefits increases and provide a wage increase of \$.43/hour. This package increase will result in an average wage increase of 2.5%.

We believe this recommendation is affordable and fiscally responsible due to the cumulative effect of cost savings over the past two years related to mileage, travel and other program costs which, in combination with unanticipated supplemental IDEA allocations this year through the American Rescue Plan, have contributed to an increase in the Agency's fund balance. We are pleased to present this recommendation for an MOU and will be happy to respond to any questions the Board may have regarding our recommendation. Thank you.

## Contracted Staff

---

|                    |                      |                     |                     |                  |                 |
|--------------------|----------------------|---------------------|---------------------|------------------|-----------------|
| Package increase:  | 3.0%                 |                     |                     |                  |                 |
|                    |                      | <u>2021-22 Cost</u> | <u>2022-23 Cost</u> | <u>\$ Change</u> | <u>% Change</u> |
| Base Salary        |                      | \$23,464,652.49     | \$24,135,966.79     | \$671,314.30     | 2.9%            |
| TSS                |                      | \$2,051,535.00      | \$2,101,597.00      | \$50,062.00      | 2.4%            |
| FICA               | 7.65%                | \$1,996,268.76      | \$2,051,454.04      | \$55,185.28      | 2.8%            |
| IPERS              | 9.44%                | \$2,463,369.55      | \$2,531,467.47      | \$68,097.92      | 2.8%            |
| Workers Comp       | 0.63%                | \$131,402.05        | \$152,056.59        | \$20,654.54      | 15.7%           |
| Unemployment       | .001 x \$34,800 Max  | \$11,990.27         | \$51,484.24         | \$39,493.97      | 329.4%          |
| Health Insurance   |                      | \$2,523,225.60      | \$2,637,532.80      | \$114,307.20     | 4.5%            |
| Flex Spending Acct |                      | \$578,828.94        | \$578,828.94        | \$0.00           | 0.0%            |
| Dental Insurance   |                      | \$156,687.60        | \$156,687.60        | \$0.00           | 0.0%            |
| Vision Insurance   |                      | \$25,788.36         | \$25,788.36         | \$0.00           | 0.0%            |
| Life               | .207/\$1,000 per mo. | \$44,929.35         | \$44,929.35         | \$0.00           | 0.0%            |
| Disability         | 0.23%                | \$53,968.70         | \$55,512.72         | \$1,544.02       | 2.9%            |
| Travel             | \$8.14/yr            | \$2,883.15          | \$2,944.65          | \$61.50          | 2.1%            |
| Professional Leave |                      | \$144,700.00        | \$144,700.00        | \$0.00           | 0.0%            |
| Sick Leave Bank    |                      |                     |                     |                  |                 |
| Total              |                      | \$33,650,229.82     | \$34,670,950.55     | \$1,020,720.73   | 3.0%            |

## Classified Staff

---

|                         |                      |                     |                     |                  |                 |
|-------------------------|----------------------|---------------------|---------------------|------------------|-----------------|
| Package increase:       | 3.0%                 |                     |                     |                  |                 |
|                         |                      | <u>2021-22 Cost</u> | <u>2022-23 Cost</u> | <u>\$ Change</u> | <u>% Change</u> |
| Base Wages              |                      | \$2,612,230.72      | \$2,676,788.17      | \$64,557.45      | 2.5%            |
| FICA                    | 7.65%                | \$199,835.65        | \$204,774.30        | \$4,938.65       | 2.5%            |
| IPERS                   | 9.44%                | \$246,594.58        | \$252,688.80        | \$6,094.22       | 2.5%            |
| Workers Comp            | 0.63%                | \$14,628.49         | \$16,863.77         | \$2,235.28       | 15.3%           |
| Unemployment            | .001 x \$34,800 Max  | \$2,413.10          | \$10,126.08         | \$7,712.98       | 319.6%          |
| Single Health Insurance |                      | \$334,678.56        | \$349,840.17        | \$15,161.61      | 4.5%            |
| Family Health Insurance |                      | \$263,051.37        | \$274,864.19        | \$11,812.82      | 4.5%            |
| Dental Insurance        |                      | \$31,881.38         | \$31,881.38         | \$0.00           | 0.0%            |
| Vision Insurance        |                      | \$5,256.12          | \$5,256.12          | \$0.00           | 0.0%            |
| Life                    | .207/\$1,000 per mo. | \$4,980.42          | \$4,992.84          | \$12.42          | 0.2%            |
| Disability              | 0.23%                | \$6,008.13          | \$6,156.61          | \$148.48         | 2.5%            |
| Travel                  | \$8.14/yr            | \$571.29            | \$587.54            | \$16.25          | 2.8%            |
| Sick Leave Bank         |                      |                     |                     |                  |                 |
| Total                   |                      | \$3,722,129.81      | \$3,834,819.97      | \$112,690.16     | 3.0%            |