



FRC Special Meeting \$

May 10, 2018 \$

Agenda

DFT Letter of Agreement



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

SCHOOL DISTRICT RESOLUTION 2018-11

APPROVING THE COMMUNITY DISTRICT'S/DFT LETTER OF AGREEMENT

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 6(9) of the Act requires that during the period of oversight, the Community District shall submit new and amended collective bargaining agreements, to which it is a party, to the Commission for review and approval after approval by the Community District's governing body and chief executive officer; and

WHEREAS, Section 6(9) of the Act further requires the Commission to approve or reject collective bargaining agreements submitted to it within 45 days of submission; and

WHEREAS, the School Board has approved a letter of agreement between the Community District and the Detroit Federation of Teachers and;

WHEREAS, at the Commission meeting on May 10, 2018, the Community District presented the aforementioned Letter of Agreement to the Commission.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's Letter of agreement between the Community District and the aforementioned bargaining unit, as presented to the Commission on May 10, 2018, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

DFT negotiations economic summary (FY 2019)

	Current state	Tentative Agreement	FY 19 Budget	
FY 2019	Termination Incentive Program (TIP) ¹	Paid per agreement on retirement	Pay TIP owed to the appropriate personnel in September 2018	Budgeted: Internal Service Fund - \$21M Budgeted: FY 19 Personnel Costs - \$1M
	Bonus	No planned bonus	Pay \$1,373 / top step DFT Members in December 2018	Budgeted: FY 19 Surplus - ~\$3.3M
	Experience based step catch-up	No catch up	Recognize certified internal and external experience of DFT members in the form of Steps in the Fall of 2018	Budgeted: FY 19 Personnel Costs - ~\$3.4M
	New Hires	Recognize up to 2 years of external experience	For new DFT hires recognize all external experience in the form of Steps in Fall 2018	Budgeted: FY 19 Personnel Costs - ~\$2.2M - Teacher Vacancies Budgeted at \$52,800

Note:

(1) The district has set aside \$21M for repayment of TIP in Internal Service Fund. The only financial impact on the district is the acceleration of the employer taxes of approximately \$1M.

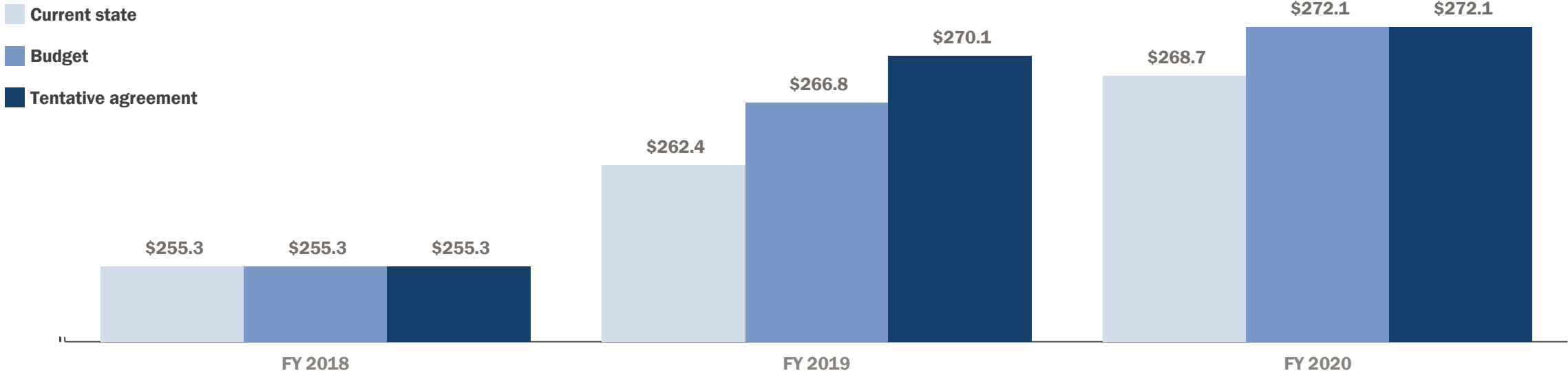
DFT negotiations salaries & benefits expenditures comparison

- Comparison of scenarios includes only filled DFT positions as of FY 2018, and excludes the corresponding financial impact related to new hires.
- FY 2020 is subject to a wage reopener, and is based on a roll forward of each scenarios assumptions, which are detailed below.
 - **Current state** – The current state assumes no changes to current salary schedule through FY 2020. Individuals receive a step in December of each school year.
 - **Budget** – The budget assumes no changes to the current salary schedule. However, qualifying personnel receive experienced based step credit in Semester 1 FY 2019.
 - **Tentative agreement** – The tentative agreement assumes no changes to the current salary schedule. However, qualifying personnel receive experienced based step credit in Semester 1 FY 2019, and top step positions receive a bonus \$1,373 / position in Semester 2 FY 2019.

Estimated DFT Annual Salaries and Benefits Economic Impact

For illustrative purposes only; FY 2020 is subject to a wage reopener

(\$ in millions)



**Agenda Item Details**

Meeting	May 02, 2018 - Special Board Meeting
Category	4. Administrative Action Items
Subject	4.01 2018-19 Detroit Federation of Teachers Tentative Agreement
Access	Public
Type	Action
Recommended Action	Motion to approve the 2018-19 letter of agreement.

Public Content**Recommendation:**

That the School Board approve the 2018-19 Letter of Agreement ("LOA") reached with the Detroit Federation of Teachers, American Federation of Teachers Local Unit 231 ("DFT"), providing the terms and conditions that provides a one-time bonus of \$1,373.60 for the 2018-19 school year for members at the top step, the District's crediting of internal/external teaching service to current and future teachers, and the repayment of Termination Incentive Plan (TIP) funds at an earlier date than stipulated in the 2017-20 DFT agreement.

Description and Background:

On July 27, 2017, the DFT ratified a new contract agreement with the District ahead of the 2017-18 school year benefiting approximately 3,900 teachers and other school-related instructional personnel across the District. Since its adoption, the District saw a decrease in teacher vacancies, which were approximately 275 at this time last year and are currently 190 even while the District added 250 additional classrooms with the return of the Education Achievement Authority schools to the District.

On April 12, 2018, the DFT reached an agreement on an LOA that extends a one-time bonus for the 2018-19 school year for members at the top step, the District's crediting of internal/external service for current and future teachers, and the repayment of TIP funds at an earlier date than indicated in the 2017-20 agreement.

For eligible employees at the top step, the terms and conditions of the 2017-20 ratified agreement remain. DFT members at the top step shall receive a 4.13 percent increase in the second semester of 2018-19. The increase was included to be provided at the end of the semester to ensure retention.

Additionally, eligible employees at the top step will receive a one-time bonus of \$1,373.60 in December 2018. Eligible employees not at the top step will receive increased compensation through step increases as set forth in the salary schedule provided within the 2017-20 agreement.

The District began the negotiation process by thinking strategically about the level of external/internal service recognition needed to resolve the District's teacher shortages and large class sizes, determining an adequate one-time bonus needed to honor the investment and commitment of veteran teachers on the highest steps of the salary schedule to maintain retention.

The District enhanced the value of the 2017-20 DFT agreement by (i) assuring that approximately 2,231 veteran teachers at the top-step will receive a one-time bonus; and (ii) increasing veteran teacher salaries to help decrease teacher shortages and turnover, and to help improve morale, and consequently student achievement.

This recommendation is made after collective bargaining with DFT, pursuant to the Public Employment Relations Act 336 of 1947 ("PERA") on behalf of approximately 3,906 teachers and other school related personnel. This agreement includes enhancements to certain language in the current collective bargaining agreement as well as enhances in salary provisions for the 2018-19 school year. In the 2019-20 school year, DFT and the District have agreed to a wage/salary reopener. The District remains committed to raising salaries in tandem with growth of the District student population. The LOA reflects the District's commitment to children, teachers, and parents.

On April 20 and April 23, 2018, respectively, the Finance and Academic Committees recommended this action item to the Board of Education for approval.

Gap Analysis:

There is strong consensus in our community that talented and capable teachers will be needed in all classrooms to accomplish the District's goals of teaching all students at high standards, and closing achievement gaps. The challenge of insufficient financial compensation for teachers and other school related personnel is on the list of problems to be addressed by the School Board and Superintendent in order for the District to recruit and retain the quality of teachers that are required in its schools. Declining morale has serious implications for recruitment (high teacher vacancies and class sizes) and retention of teachers as well as teacher performance. The combination of the aforementioned as well as increased demands have serious implications for teachers. The LOA is another significant step in making teachers whole through salary increases and a one-time bonus that compensates teachers appropriately for the skills and effort they bring to the District.

Previous Outcomes:

Sustained teacher vacancies resulting in large class sizes.

Expected Outcomes:

Increased teacher retention, decreased teacher vacancies and lower class sizes.

Alignment to Strategic Plan:

Exceptional Talent

Financial Impact:

The estimated incremental financial impact of salary increases and bonus payments for the 2018-19 fiscal year, as set forth in the agreement is outlined below.

Item	Employee Compensation
Accelerate repayment of the Termination Incentive Plan	\$22M
<ul style="list-style-type: none"> Employee Payments (Previously budgeted in ISF) 	<ul style="list-style-type: none"> \$21M
<ul style="list-style-type: none"> Employer Taxes 	<ul style="list-style-type: none"> \$1M
Recognize frozen steps and external teaching experience for DPSCD teachers	\$3.4M
Recognize all certified teaching experience for new teachers	\$2.3M
One-time Bonus paid in December 2018	\$3.2M

Contact for Item:

Name: Luis Solano, Chief Operating Officer
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Name: Jeremy Vidito, Chief financial Officer
 Phone: 313-657-4350
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Supporting Documents/Attachments:

Tentative Agreement

[DFT Agreement.pdf \(238 KB\)](#)

Administrative Content**Motion & Voting**

Motion to approve the 2018-19 letter of agreement.

Motion by Lamar Lemmons, second by Angelique Peterson-Mayberry.

Final Resolution: Motion Carries

Yea: Deborah Hunter-Harvill, Georgia Lemmons, Lamar Lemmons, Angelique Peterson-Mayberry, Misha Stallworth, Iris Taylor

Letter of Agreement
between
Detroit Public Schools Community District (DISTRICT)
and
The Detroit Federation of Teachers (DFT)

This Letter of Agreement is between the Detroit Public Schools Community District ("District") and the Detroit Federation of Teachers ("DFT" or "Union"). This Letter of Agreement provides for improvements in three specific areas:

- 1) a one-time top-step new bonus payment for bargaining unit members for the 2018-2019 school year, as identified and reflected on the "LIST-CREDIT" attached hereto and containing a designation of "Y" adjacent to each classification;
- 2) (a) service credit for internal salary experience to classifications identified on the "LIST-CREDIT" attached hereto with a designation of "Y" adjacent to the classification title; and (b) service credit for external salary experience to job code 0250 as specified on the "LIST-CREDIT";
- 3) the re-payment of Termination of Incentive Plan ("TIP") funds at an earlier date than indicated in the Collective Bargaining Agreement ("CBA") between the parties.

Contract provisions not otherwise improved in this Letter of Agreement shall continue, with a contract expiration date of June 30, 2020.

1. 2017-2018 Bonus Payment

Bargaining unit members in the classifications referenced in the attached "LIST-CREDIT" with a designation of "Y" adjacent to the classification title will receive a new one-time bonus payment in the amount of \$1,373.60. The bonus will be paid as a separate check (also known as an "off-schedule and off-cycle check") in December 2018.

Bargaining unit members will be eligible for the bonus payment provided that the member was employed on or before the beginning of and throughout the second semester of the 2017-18 school year in a classification on the "LIST" and remains employed throughout the 2018-19 school year without a voluntary break in service, until such time that the bonus payment is issued. In the event that the bargaining unit member leaves the District's employment before the end of the 2018-19 school year, the District shall have the option to recover the bonus payment on a pro-rata basis through payroll deduction.

2. Professional Compensation: Improves Article 8.D as follows:

Beginning August 2018, all job classifications hired by the District, falling within the classifications identified on the "LIST-CREDIT" with a designation of "Y" adjacent to the classification title will be allowed credit on the salary schedule for all years of internal teaching service. Credit is granted only if at the time the teaching service was rendered the teacher taught full time and met the District's present minimum requirements for contract status.

Beginning August 2018, all teachers, referenced within job classification 0250 on the "LIST-CREDIT" who have not received full credit for their external teaching experience shall be given credit for all years of teaching experience. Credit is granted only if at the time the teaching service was rendered the teacher met the District's present minimum requirements for contract status.

The parties agree that the term "internal experience" refers to any teaching service performed for the District or its predecessor, the Detroit Public Schools (School District for the City of Detroit or "DPS"). The parties agree that the term "external experience" refers to any teaching service performed in a school or school district other than the District or its predecessor DPS. The District will not unreasonably deny the grant of credit to any classifications listed on the "LIST-CREDIT." The District will share with the Union, upon request, the requirements and the information utilized by the District to determine credit for external experience.


3. Termination Incentive Payment ("TIP") Payment, Article 10.C

The Termination Incentive Payment ("TIP") shall be paid out in accordance with the parties' (CBA), except that members of the bargaining unit who are owed TIP payments shall be paid such amounts by the District as a lump sum by September 30, 2018. Notwithstanding the foregoing, a member may elect to have their TIP funds deposited into an annuity. Such an election must be communicated to the District by September 1, 2018. If a member elects to have their TIP funds placed into an annuity, and makes the required election by September 1, 2018, TIP funds will be paid into their annuity by March 1, 2019.

All other terms previously agreed in the CBA will remain unchanged, including but not limited to terms contained in Article 8 and Article 10, unless improved herein.

Disputes arising from or relating to the terms of this Letter of Agreement may be submitted, processed, and resolved as a grievance under the grievance arbitration procedure of the CBA.

For District:



Nikolai P. Vitti, Ed.D.,
General Superintendent

Date: _____

For the Union:


Ivy Bailey
DFT President

Date: May 2, 2018