



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION
SCHOOL DISTRICT RESOLUTION 2019-18

APPROVING THE COMMUNITY DISTRICT'S/DETROIT FEDERATION
OF TEACHERS (LOCAL UNIT 231) 2019-20 WAGE REOPENER 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 (DFT) Local 231 and;

WHEREAS, at the Commission meeting on August 26, 2019, the Community District presented the aforementioned Letter of Agreement to the Commission.

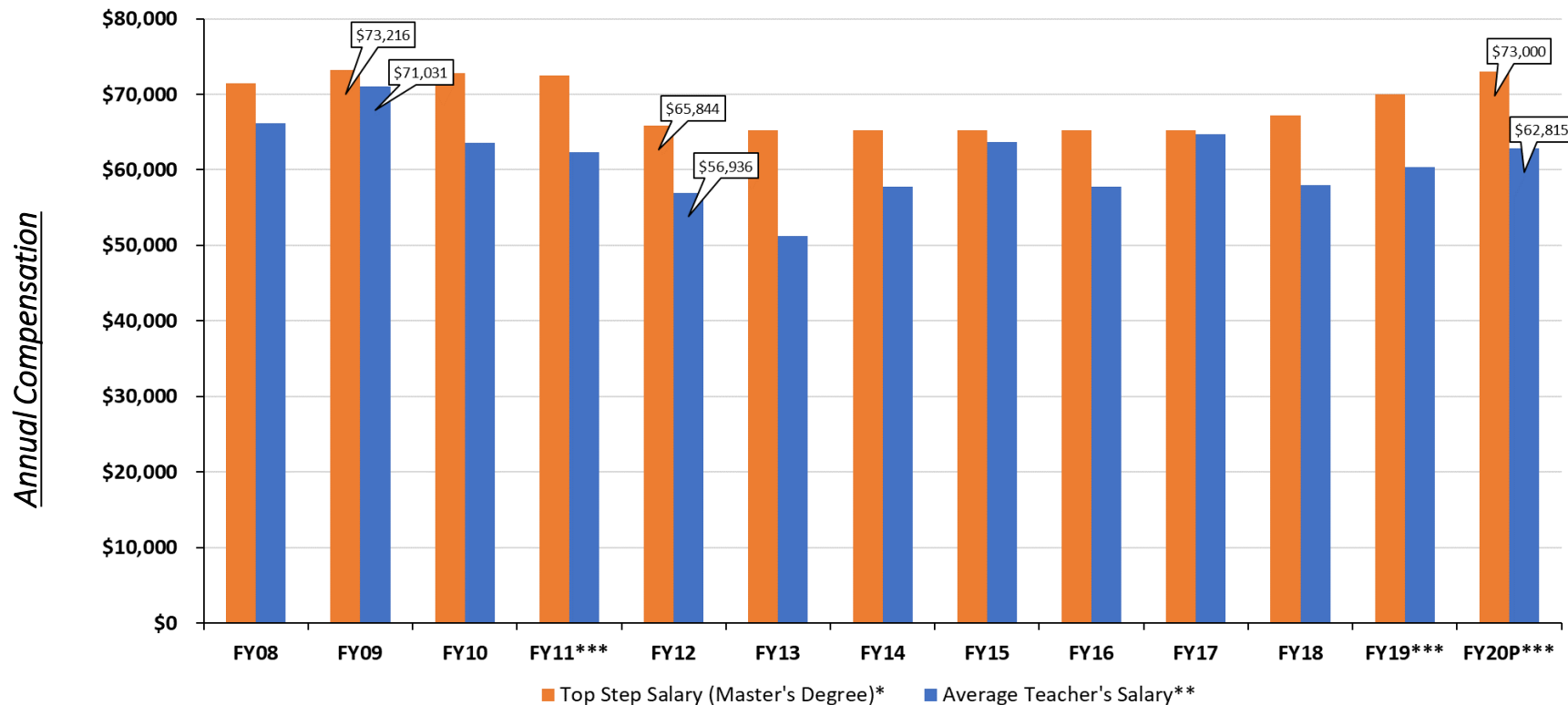
NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's Letter of Agreement between the Community District and the aforementioned bargaining unit, as presented to the Commission on August 26, 2019, 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 Wage Reopener – FY20

Background

The chart below illustrates the salary history for DFT members (Masters, Top Step and District average) from FY 2008 to the proposed FY 2020 rates. It is important to note that in FY 2011 DFT members agreed to a 10% wage reduction to help reduce mounting budget deficits. In FY 2018 DFT members agreed to extend the salary step scale from 10 to 15 steps.



The proposed FY20 DFT adjustments will bring compensation levels to the approximate level they were nearly 10 years ago

*According to DPSCD Salary Schedules

**Per MDE Bulletin 1014

***Calculated from internal DPSCD data as MDE data is unavailable or artificially low due to reporting inconsistencies

DFT Wage Reopener – FY20

DFT Members

	Current State	Proposed Agreement*	
Top Step Members	Current salary (Lane 2, Step 15): \$70,000	Increase of ~4.3% to \$73,000	\$4,477,407
Members on Steps	On step scale from steps 1 to 14	Move one step on the salary scale	\$1,897,416
Members <u>NOT</u> on Steps	Paid an hourly rate and NOT on a step scale	Increase pay by 3%	\$279,760
DFT Members including new hires	No defined bonus	Eligible members received a one-time \$1,500 Bonus paid in December 2019	\$7,087,620
Auxiliary staff	Credit for internal/external experience not recognized	Recognize internal and external experience (<i>Semester 1</i>)	\$1,068,905
Psychologists, School Social Workers, Speech & Language Therapists, Occupational & Physical Therapists	On step scale ranging from 1 to 14	Step movements (<i>Semester 1</i>): 1 to 10 – move to Step 11 11 to 14 – move to Step 15	\$1,577,307
DFT Members	No performance bonus	Eligible members can earn a \$500 performance based bonus	\$2,541,704
DFT Members who instruct state assessed grades	No performance bonus	Eligible members can earn an additional \$500 performance based bonus	\$1,267,115
DFT Members who are assigned to a Priority School	No bonus to recognize hard-to-staff status	One-time bonus of \$3,000	\$3,166,494

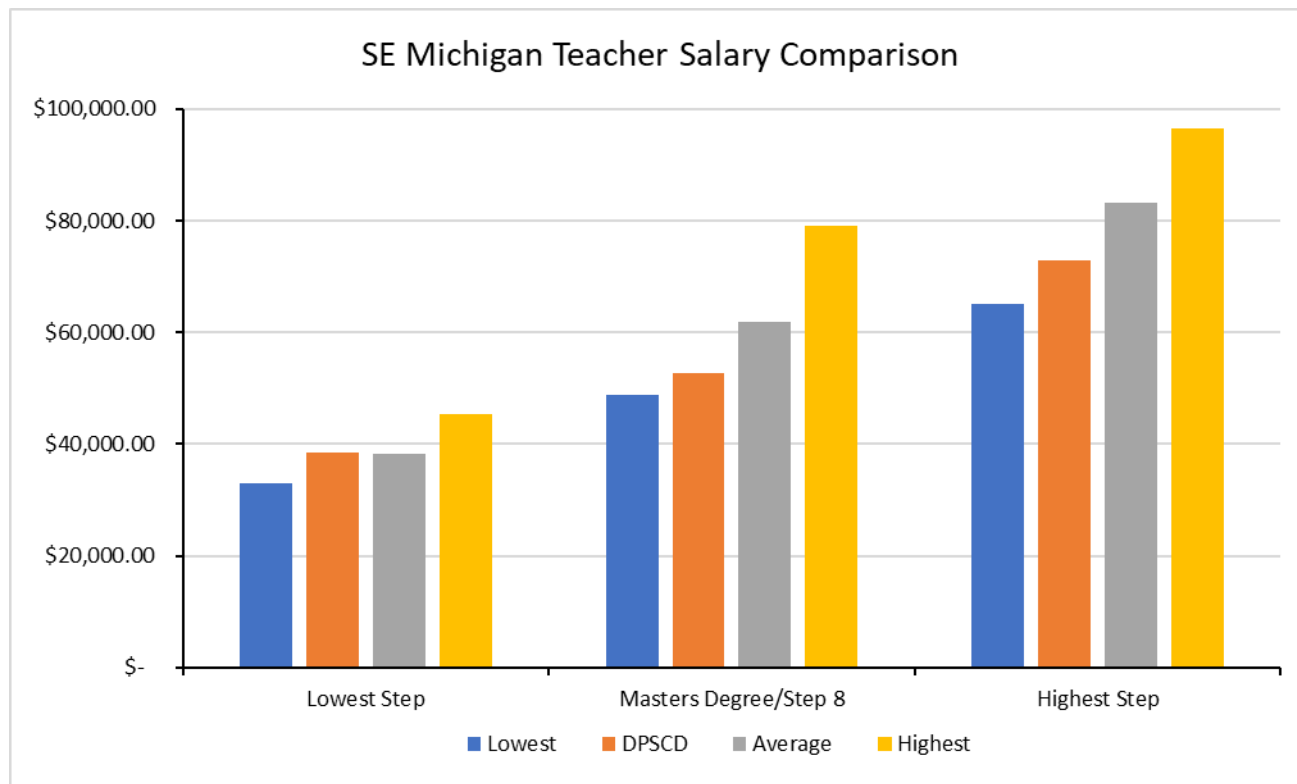
Total Incremental Cost: \$23,363,728

*Unless otherwise indicated, all increases/step movements will take place in Semester 2 of FY20

DFT Wage Reopener – FY20

Southeast Michigan Teacher Salary Comparison

The proposed adjustments to the DFT agreement will narrow the gap between the top step DPSCD salary (Master's Degree) and the average salary in surrounding Southeast Michigan school districts by 5%.

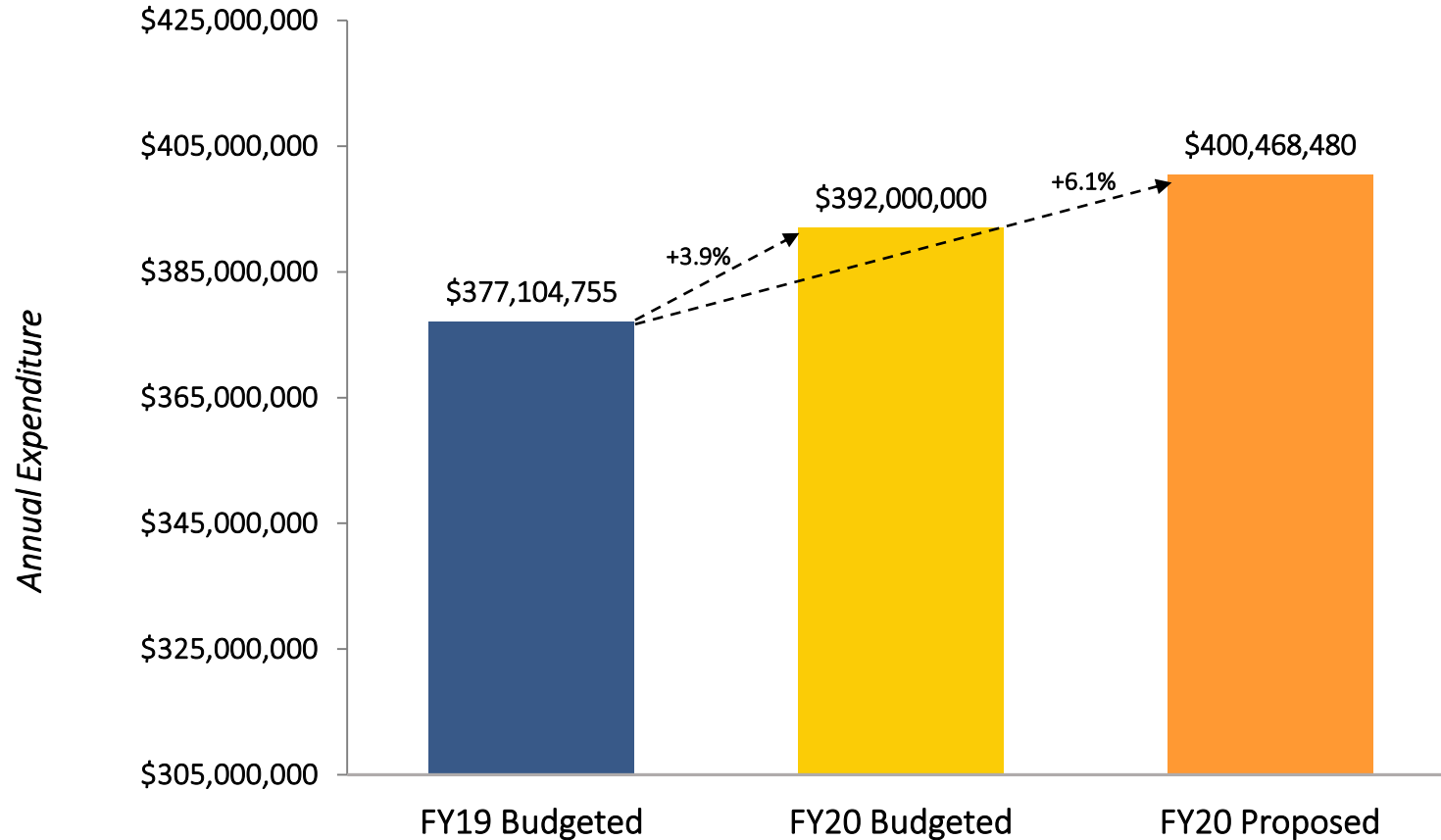


Southeast Michigan Teachers Salary Comparison - Details by Step -

	Lowest Step	Masters Degree/Step 8	Highest Step
Lowest Salary	\$ 33,072	\$ 48,712	\$ 65,137
DPSCD Salary	\$ 38,500	\$ 52,800	\$ 73,000
Average Salary	\$ 38,325	\$ 61,898	\$ 83,195
Highest Salary	\$ 45,398	\$ 78,993	\$ 96,486

DFT Wage Reopener – FY20

Expenditure Comparison – Current to Proposed



The District budgeted \$26.0M for one-time expenditures including bonus payments for various unions. The \$8.0M increase in DFT costs above the FY20 Budgeted amount will be covered through a reallocation of one-time General Fund and Grant expenditures.

The proposed DFT wage reopener costs are segmented as follows:

- \$12.9M General Fund
- \$10.5M Grant Funds

Of the projected \$23.4M in incremental DFT costs, approximately \$14.1M will be one-time expenditures.