

July 13, 2022 Bargaining Update

Bargaining Timeline: The law requires the District and OSEA to bargain for a period of 150-days.

We began bargaining on March 16, 2022. North Bend School District (NBSD) presented a complete proposal on the entire contract. This included proposals on compensation and insurance as well as some non-financial operational proposals. This was done out of respect for our classified staff and the desire to be as transparent as possible regarding the ability of the NBSD to offer a fair and competitive contract with our surrounding communities.

Since then, the NBSD team has met with the OSEA team six times.

Our bargaining session on July 13th represented the sixth meeting.

Our next meeting is scheduled for August 3rd, placing both parties past the required 150-day bargaining minimum required by law.

What happens if there is no deal on August 3rd? The law permits either side to declare an impasse in the bargaining and to seek the help of a labor mediator. In the alternative, the parties can continue to engage in bargaining into the new school year. If that happens, the 2019-2022 contract with OSEA will remain in effect as the status quo until a new contract is reached. Our classified employees would continue to receive a 4% salary increase for those entitled to a step increase, but there would be no cost of living increase or insurance contribution increase. Sometimes employees will claim that they are “working without a contract” if we start the new school year without a new contract with OSEA. That is not correct. The current contract remains the status quo until a new contract is negotiated.

Where are the parties with financial offers? There are many pieces that make up a total financial package, including a cost-of-living adjustment (COLA), insurance benefits increase, HSA/FSA contribution, insurance opt out stipend, and payout of personal days.

The following figures are in addition to last year’s salaries alone of approximately \$3.8 million for our classified employees.

- NBSD Proposal #1: Total additional financial cost: \$1,433,991, including
 - 3% COLA + 4% Step increase for 2022-23
 - 3% COLA + 4% Step increase for 2023-2024
- OSEA Counter-Proposal #1: \$4.5M plus NBSD’s proposal = **\$6.0 million**
- NBSD Proposal #2: \$1,433,991 + \$100,000 (buy-out of personal days)
- OSEA Counter-Proposal #2: NBSD’s Proposal plus \$3.5M= **\$4.9 million**
- NBSD Proposal #3: \$1,533,991 + \$105,000 (longevity Stipend)
- OSEA Counter Proposal: NBSD’s proposal plus \$2.5M= **\$4.2 million**

Where would this extra \$2.5M come from? Apparently from the NBSD's "rainy day fund", according to recent OSEA communication to its members. The "rainy day fund" is the District's required Ending Fund Balance.

The North Bend School District Board of Directors adopted a resolution years ago requiring the establishment of a Fund Balance. In any government accounting system, this is necessary to ensure financial stability. The Government Finance Officers Association (GFOA), Governmental Accounting Standards Board (GASB), the Oregon Association of School Business Officials (OASBO), and the Oregon School Boards Association (OSBA) all either require or strongly encourage such accounting practices. These funds allow for District services to continue and maintain a cash flow between times when revenues are not flowing into the District, and provide for economic stabilization in uncertain times.

If the District Board of Directors were to decide to exhaust the Ending Fund Balance to pay for the extra \$2.5M salary increase for 2022-23 and 2023-24, how will the Ending Fund Balance be restored? It won't be. The economic stabilization of North Bend schools, and its employees, would be at high risk.

With a lower Ending Fund Balance, how does the District pay for the \$2.5M salary increase in the years after 2023-2024? Remember—the salary increase the Board of Directors approves for OSEA for the next two years rolls forward—the district will be paying an additional \$2.5M for 2024-2025 and 2025-2026. This salary increase will never end. That is why it is important to think of the long-term consequences of raiding the Ending Fund Balance in the short-term. These funds are how tax-payer funded school districts survive in hard times, or when unforeseen and extraordinary events happen in the District. Using them to make a one-time fix to a negotiation would mean the District would not be able to function should other unexpected events occur. It would also mean the district would have to adjust staffing levels to continue to pay for such a great expense.

Additional OSEA Arguments:

- **Inflation is at an all-time high:** We agree. However, the District cannot keep up with inflation. We wish we could. The fact is, the State does not give school districts inflation-adjusted funding. We cannot and do not expect any increase in funding from the State.
- **Administrators are paid more than classified staff:** This is true in our school district and every school district in the state. Confidential, Supervisor, and Administrator salaries are down by over \$100,000 between the 2021-22 and 2022-23 adopted budget. Classified employees' compensation went up by approximately \$400,000 between the same budget cycle. OSEA says that the district is willing to increase salary spending for Administrators and confidential staff by 7%, but only increase classified staff by 3%. This is misleading. The proposed salary increase for classified staff is a 3% COLA plus a 4% step increase. This is the same as for administrators and confidential staff. OSEA chooses to not mention the 4% step increase most of the classified staff would receive. While not everyone (classified, certified, administrators, confidential) gets a step, it is part of a negotiated contract. Other districts, and ours, have had years when negotiations result in no one receiving a step increase.
- **Use ESSER Funds:** These funds were provided by the Federal Government to help provide relief through and following the pandemic, relief for our children. The District did agree earlier this year

to provide financial stipends to any classified employee who is here in October and was employed for one year with the District from these funds. Also, the District paid \$75,000 into a fund for Classified in case they or a family member suffered from Covid. This allowed them to take time off work without using their own sick leave. The remaining ESSER dollars are considered one-time money. That means it is not something we can build a financial salary and benefit package on as those costs go on forever. Once the ESSER dollars are gone, they are gone.

Financial Challenges to come: The District has provided evidence of the financial implications the pandemic has caused. The State School Fund, the District's single largest source of revenue, reduced the amount of money directed at the District by over \$9 million dollars in 2021-2022 alone. This is over \$9 million dollars the budget was built on, which was then taken away.

State funding for K-12 education for the next several years appears to be in jeopardy. It is reported that the State will lose student enrollment state-wide by about 40,000 in the next two years. Will the Oregon legislature keep funding K-12 education at the same rate as last year with such a big decrease in enrollment? We can hope the answer is yes, but we can't gamble our future by giving a \$4.2 million salary increase to our classified employees. There is simply no evidence that the state will increase school funding after the next school year. Our proposal for an additional \$1.6 million is fair and prudent.

What are surrounding school districts doing in their bargaining with OSEA? We understand that the Coos Bay School District recently settled their contract with OSEA. Our offer of an additional \$1.6M compares very favorably to Coos Bay SD. Coos Bay SD agreed to a 3-year contract. We are working on a 2-year contract. It is estimated the cost of the Coos Bay financial proposal for their classified staff is about \$1.1M over two years. Our current offer to our classified staff for a 2-year contract is \$1.6M. We don't understand OSEA's demand for a compensation package of \$4.2M.

Who will decide the financial amount for our classified employees? Your school board will decide as your elected officials. The NBSD bargaining team is under the direction of the school board. The school board has ultimate responsibility for the financial security of the district.

Bottom Line: We hope the community understands that the school board and its negotiating team are striving to maintain the competing goals of financial stability for the district and a fair wage increase for our classified employees. We can't operate our schools without the dedicated work of our classified employees. We also can't survive a \$4.2 million salary increase for the next two years, and the next two years after that, and the next two years after that, etc., draining our Ending Fund Balance and imperiling our district's future.