

BOARD AGENDA ITEM

March 23, 2021

SUBJECT:

Consideration of Mid-Year 2020 – 2021 Step Increase

BACKGROUND INFORMATION:

As a result of the frozen teacher scale and by State directive, the District was unable to build employee step increases into the original version of the 2020 – 2021 budget. The expectation was that the step would be reinstated when legislators returned to Columbia in September 2020. Reinstatement did not occur at that time.

Legislators revisited the teacher step upon returning for the new session in January 2021. After weeks of discussion and deliberation, the mid-year teacher step legislation had Senate and House approval by March 10, 2021. The Governor signed the joint resolution into law on March 11, 2021. The step increase is retroactive to the start of the school year and must be paid by June 15, 2021.

ADMINISTRATIVE CONSIDERATION:

In addition to teachers, the legislation requires that step increases be provided for JROTC instructors, nurses, occupational therapists, physical therapists, and school psychologists. Language requires that any of the above receive payment if employed by the District as of March 1, 2021, when eligible for a step. Payment is expected to be a lump sum.

Among the Superintendent's and Board's goals is to increase the teacher pay scale by one step per year, for four years, up to step 28. The first additional step was included as part of this mid-year proposal. The cost of the additional step is approximately \$385,000 for 217 topped-out teachers. The estimated costs (salary plus fringe) for positions required to receive a step, including the \$385,000 noted above, is approximately \$1.87 million for the General Fund, \$2.09 million for all funds.

The teacher scale reflects a "pay band" at steps 0 through 3. In essence, teachers are paid at step 3 money when hired by Aiken. As the employee moves from step 0 to 1, 1 to 2, and 2 to 3, he or she would only see an increase in regular pay when a cost of living adjustment has been applied to the scale. Historically, in years such as this when there is no cost of living adjustment, the Board has approved a one-time bonus to ensure those teachers at the bottom of the pay scale receive additional pay. [The Board has also approved one-time bonuses for teachers at the top of the pay scale. The addition of step 25, if approved, eliminates that need for the purposes of this mid-year step.] If the Board wishes to treat eligible pay band teachers consistently as past years, the cost of a 1% bonus for these employees is approximately \$124,000.

A step increase for other groups of employees is at the District's discretion; it is not a requirement of the State. Following a six-year gap (from 2008 – 2009 through 2013 – 2014) where Aiken's non-teachers did not receive a step increase, the District has provided a step increase to all eligible employees in years since. The practice of this consistent treatment for teachers and non-teachers dates back to 2014 – 2015 and has greatly improved employee morale. The cost of providing a retroactive step increase to eligible non-teachers is approximately \$950,000.

The State will fund the majority of the teacher step increases. Funding will be based on employees' actual incremental increases in the State minimum teacher pay scale plus related fringe. We have not received notice of the State allocation amount at this time. The District would bear any excess (i.e., the local portion of teacher salary) plus the cost of the step for eligible non-teachers and bonuses for the eligible pay band teachers, if those discretionary items are approved. While there are no funds set aside for these discretionary items in the current General Fund budget, fund balance is sufficient to absorb these costs with limited impact. The District would still maintain a fund balance in excess of 2.5 months.

Employees who were not eligible for a step increase for 2020 – 2021 are not impacted by this proposal.

A mid-year, retroactive step implementation is a significant undertaking. To allow sufficient time to process pay and avoid the confusion of paying the step on a normal pay date, April 30 has been identified as the likely lump sum pay date for teachers. May 14 has been proposed as the pay date for all other eligible employees, if the step is approved.

RECOMMENDATIONS:

The Administration recommends:

1. Approving the required step increases for eligible teachers, JROTC instructors, OTs, PTs, school psychologists and nurses. Payments will be lump sum. [This approval is a formality. The District has no discretion over paying a step to these eligible employees.]
2. Increasing the teacher and JROTC instructor scales from a 0 – 24 step scale to a 0 – 25 step scale.
3. Paying a 1% one-time, lump sum bonus to teachers who are in the pay band at steps 0 – 2 if eligible for a step.
4. Paying a step increase to all other eligible employees retroactive to the start of the school year. If approved, employees would receive a lump sum "catch up" payment to bring their pay current. The remainder of the step increase will be spread equally over remaining paychecks for the year.

PREPARED BY:

M. O. Traxler III