



Date: April 5, 2019

To: Board of Directors

From: Kevin Sved, CEO

Re: Authorization to Implement Site Wage and Salary Adjustments

Recommendation

It is recommended that the Board authorize the CEO to implement site wage and salary adjustments. Hourly wage adjustments are recommended for the positions of Small Group Instructor (SGI) and Student Services Paraprofessional. Annual salary adjustments are recommended for the positions of Teacher, Vice Principal, and Principal.

Background

Navigator Schools relentlessly strives to attract, recruit, hire, and retain high caliber, mission-fit talent in all positions. One important element in successfully fulfilling the above positions is ensuring that compensation is fair and competitive. The following are reasons why adjustments are recommended for approval:

1. For at least two years, Principals and SGI supervisors/coaches have expressed that the academic demand that is expected of all SGIs does not match the SGI wage. Standards and curriculum knowledge and lesson planning are required in the position, beyond that of a general education classroom assistant.
2. Recently, Gilroy Unified School District (GUSD) has published updated compensation schedules. The new schedules show a 6% increase, resulting in instant compensation discrepancies between Navigator and GUSD.
3. Navigator employees' work day and work year are longer than our authorizing districts.
4. Employees (SGIs, Paras, Teachers, Vice Principals, Principals) have expressed concern about discrepancies in wage and salary.
5. Site leaders are concerned about losing mission-fit, high caliber talent.
6. Staff surveys that were implemented in December 2018 and resulted in 18.8% of GPS staff and 13.9% of HPS responding 'Disagree' to the question "I feel my compensation is fair in comparison to other districts".
7. Candidates have been offered positions during the 2018-19 school year and declined because candidates feel the rate is lower than the market rate.

Adjustment Details

After comparing current Navigator teacher rates to updated GUSD rates, the following was found:

| Year of Teaching | 19/20 Navi rate to 19/20 GUSD rate | Proposed 19/20 Navi rate/range |
|-------------------------|---|---------------------------------------|
| First | match (due to new minimum exempt salary eff. 01/20) | \$54,080 |
| Second | match (due to new minimum exempt salary eff. 01/20) | \$54,080 - \$55,598* |
| Third | \$1,540 higher or match | \$54,080 - \$55,620* |
| Fourth | \$1,518 to \$3,932 below GUSD | \$55,600 - \$56,758* |
| Fifth | \$1,487 - \$4,988 below GUSD | \$58,563 - \$58,737* |
| Sixth | \$2,027 - \$3,480 above GUSD | \$60,590 - \$67,980* |
| Seventh | n/a | n/a |
| Eighth | \$1,674 above - \$513 below GUSD | \$67,463 - \$72,100* |
| Ninth | \$3,339 below GUSD | \$73,395* |

*Note: these proposed rates are specific to current Navi teachers.

| Position | Wage Range | GUSD comparison | Proposed Rate Adjustment |
|---|--------------------|------------------------|---------------------------------|
| SGL | \$16.00 to \$23.50 | \$19.02 - \$24.30 | \$19.00 - \$24.21* |
| Accelerated Reader/Library Specialist, PE Coach | \$17.00 to \$20.00 | \$19.02 - \$24.30 | \$19.00 - \$22.00* |
| Student Services Para | \$16.00 to \$21.50 | \$16.46 - \$21.05 | \$17.00 - \$22.00* |

*Note: these proposed rates are specific to current Navi employees.

| Position | 19/20 Navi rate to 19/20 GUSD rate | Proposed 19/20 Navi rate |
|-----------------|---|---------------------------------|
| Principal | \$11,845 below GUSD | \$90,000 - \$120,000 |
| Vice Principal | \$13,766 - \$23,766 below GUSD* | \$75,000 - \$95,000 |

*Elementary Vice Principals currently do not exist in GUSD. One Middle School Vice Principal is assigned to each site.

Next Steps and Timeline

With approval of this board report, Navigator's Human Resources Department will move forward with finalizing adjustment amounts, creating updated memos and forwarding to site Principals to present to staff by May 01, 2019.

Fiscal Impact

The Director of Business and Finance has estimated that the recommended adjustments if approved, will result in an increase in budget at both sites.

GPS: \$109,662 over the proposed 3% increase

HPS: \$80,453 over the proposed 3% increase

As fiscal responsibility is of utmost importance, the Director of Business and Finance has worked on the attached 3-year budget projections that shows the proposed wage and salary adjustments are sustainable over the next three years.

Organizational Health

It is imperative to maintain and build on the gains made by Navigator Schools in strengthening organizational health. Acknowledging the dedication, hard work, and perseverance that our employees in all positions put into our schools and organization every day is crucial to Navigator's continued success. An important part of that acknowledgement is fair and competitive compensation.

Summary

Navigator Schools is a strong charter school organization that has achieved much success. The success has been built by Navi employees at all levels. In order to attract and retain high caliber, mission-fit individuals, it is imperative to remain as competitive as possible in the areas of positive culture, professional development, and compensation. It is recommended that the Board approve the wage and salary adjustments as described in the Board Report.

Attachment(s):

-3-year budget projections

| GPS | | 2019-20 | 2020-21 | 2021-22 | | | | |
|---|--------------------------------|------------------|------------------|------------------|--|--|--|--|
| | Enrollment | 540 | 540 | 540 | | | | |
| REVENUE: | | | | | | | | |
| 8000 · Gnl Purpose Entitlement LCFF | | 4,826,788 | 4,884,550 | 5,027,115 | From FCMAT calculations | | | |
| 8100 · 8299 Federal Revenue | | 322,456 | 325,126 | 328,766 | | | | |
| 8300 · 8599 State Revenues | | 418,928 | 436,885 | 445,016 | | | | |
| 8600 · 8699 Other Local Revenue | | 110,670 | 112,988 | 114,460 | | | | |
| 8800-89 · Donations/Fundraising | | 108,300 | 108,300 | 33,300 | | | | |
| Total Revenue | | 5,787,141 | 5,867,849 | 5,948,656 | | | | |
| EXPENSES: | | | | | | | | |
| Salaries | | 2,958,541 | 3,017,711 | 3,022,066 | Assumes 2% increase per year | | | |
| Taxes & benefits | | 817,799 | 862,283 | 873,564 | Assumes 8% increase in health insurance per year | | | |
| 4000-4999 Textbooks, Materials and Supplies | | 339,418 | 346,206 | 353,131 | Assumes 2% inflation per year | | | |
| 5000 · 5999 Services & Other Oper. Exp | | 1,406,951 | 1,404,464 | 1,414,373 | Assumes 2% inflation per year | | | |
| 6000 · Capital Outlay | | 15,000 | 0 | 0 | | | | |
| Total Expense | | 5,537,709 | 5,630,665 | 5,663,134 | | | | |
| Net Income Before GAAP adjustments | | 249,432 | 237,184 | 285,523 | | | | |
| GAAP Adjustments: | | | | | | | | |
| | 6900 · Depreciation | -35,000 | -37,000 | -39,000 | | | | |
| | Move Capex to balance sheet | 15,000 | | | | | | |
| | Net Income - GAAP Basis | 229,432 | 200,184 | 246,523 | | | | |
| | Beginning of Year Fund Balance | 1,797,306 | 2,026,738 | 2,263,923 | | | | |
| | End of Year Fund Balance | 2,026,738 | 2,263,923 | 2,510,445 | | | | |

| WPS | | | | | | | | | |
|--|-------------------------------------|------------------|------------------|------------------|--|--|--|--|--|
| | | 2019-20 | 2020-21 | 2021-22 | | | | | |
| | Enrollment | 120 | 180 | 240 | | | | | |
| REVENUE: | | | | | | | | | |
| 8000 · Gnl Purpose Entitlement LCFF | | 1,870,643 | 2,564,631 | 3,245,773 | From FCMAT calculations | | | | |
| 8100 · 8299 Federal Revenue | | 198,442 | 298,533 | 380,628 | | | | | |
| 8300 · 8599 State Revenues | | 142,464 | 193,752 | 247,034 | | | | | |
| 8600 · 8699 Other Local Revenue | | 6,428 | 8,742 | 11,146 | | | | | |
| 8800-89 · Donations/Fundraising | | 350,000 | 200,000 | 100,000 | | | | | |
| TOTAL REVENUE | | 2,567,977 | 3,265,658 | 3,984,581 | | | | | |
| EXPENSES: | | | | | | | | | |
| Salaries | | 1,098,194 | 1,423,086 | 1,722,734 | Adding FTEs as necessary for grade level added per year. Assumes 2% increase per year. | | | | |
| Taxes & benefits | | 311,499 | 439,418 | 543,544 | Assumes 8% increase in health insurance per year | | | | |
| 4000 · 4999 Books & Supplies | | 468,355 | 309,267 | 384,660 | Assumes 2% inflation in addition to supplies for expanding grade level each year | | | | |
| 5000 · 5999 Services & Other Oper. E | | 666,187 | 708,781 | 860,059 | Assumes 2% inflation in addition to services for expanding grade level each year | | | | |
| 6000 · Capital Outlay | | 10,000 | 0 | 0 | | | | | |
| TOTAL EXPENSES | | 2,554,235 | 2,880,552 | 3,510,997 | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Net Income Before GAAP adjustme | | 13,742 | 385,106 | 473,584 | | | | | |
| | | | | | | | | | |
| GAAP Adjustments: | | | | | | | | | |
| | 6900 · Depreciation | | | | | | | | |
| | Move Expenses to Capitalized Expens | 10,000 | | | | | | | |
| | Net Income - GAAP Basis | 23,742 | 385,106 | 473,584 | | | | | |
| | | | | | | | | | |
| | Beginning of Year Fund Balance | 154,854 | 178,596 | 563,702 | | | | | |
| | End of Year Fund Balance | 178,596 | 563,702 | 1,037,286 | | | | | |

| HPS | | | | | | | |
|---|---|------------------|------------------|------------------|--|--|--|
| | | 2019-20 | 2020-21 | 2021-22 | | | |
| | Enrollment | 540 | 540 | 540 | | | |
| REVENUE: | | | | | | | |
| 8000 · Gnl Purpose Entitlement LCFF | | 5,079,315 | 5,177,718 | 5,311,137 | From FCMAT calculations | | |
| 8100 · 8299 Federal Revenue | | 197,373 | 200,417 | 202,215 | | | |
| 8300 · 8599 State Revenues | | 396,406 | 397,147 | 404,793 | | | |
| 8600 · 8699 Other Local Revenue | | 73,517 | 78,304 | 79,710 | | | |
| 8800-89 · Donations/Fundraising | | 105,000 | 105,000 | 30,000 | | | |
| Total Revenue | | 5,851,611 | 5,958,586 | 6,027,855 | | | |
| EXPENSES: | | | | | | | |
| Salaries | | 2,917,252 | 2,975,597 | 2,979,109 | Assumes 2% increase per year | | |
| Taxes & benefits | | 783,596 | 814,972 | 848,449 | Assumes 8% increase in health insurance per year | | |
| 4000 · 4999 Books & Supplies | | 373,310 | 380,777 | 388,392 | Assumes 2% inflation per year | | |
| 5000 · 5999 Services & Other Oper. Exp | | 1,584,167 | 1,589,453 | 1,599,315 | Assumes 2% inflation per year | | |
| 6000 · Capital Outlay | | 15,000 | 0 | 0 | | | |
| TOTAL EXPENSES | | 5,673,325 | 5,760,798 | 5,815,265 | | | |
| Net Income Before GAAP adjustments | | 178,286 | 197,787 | 212,590 | | | |
| GAAP Adjustments: | | | | | | | |
| | 6900 · Depreciation | -17,000 | -19,000 | -21,000 | | | |
| | Move Expenses to Capitalized Expenditures | 15,000 | | | | | |
| | Net Income - GAAP Basis | 176,286 | 178,787 | 191,590 | | | |
| | Beginning of Year Fund Balance | 1,877,506 | 2,053,792 | 2,232,579 | | | |
| | End of Year Fund Balance | 2,053,792 | 2,232,579 | 2,424,169 | | | |