



Date: April 22, 2019

To: Board of Directors

From: Kevin Sved, CEO

Re: Authorization to Implement Site Wage and Salary Adjustments for 2019-2020

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	Original Navi 19-20 Rate	GUSD Salary Schedule Comparison	Proposed 19/20 Navi rate/range
First	\$54,080 (due to new minimum exempt salary eff. 01/20)	\$53,849	\$54,080
Second	\$54,080	\$53,849 - \$53,850	\$54,080
Third	\$54,080 - 55,620	\$53,849 - \$55,598	\$54,080 - \$55,620
Fourth	\$54,080 - \$56,758	\$53,851 - \$58,563	\$54,080 - \$56,758
Fifth	\$53,575 - \$58,737	\$55,598 - \$61,532	\$55,598 - \$59,023
Sixth	\$60,590 - \$67,980	\$58,563 - \$64,500	\$58,563 - \$67,980
Seventh	n/a	\$61,542 - \$67,463	\$61,542 - \$67,463
Eighth	\$66,950 - \$72,100	\$64,500 - \$70,426	\$67,463 - \$72,100
Ninth	\$70,056	\$64,500 - \$73,395	\$73,395

Position	Wage Range	GUSD comparison	Proposed Rate Adjustment
SGL	\$16.00 to \$23.50	\$19.02 - \$24.30	\$19.00 - \$24.50
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

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

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. With position transitions within the organization, the overall increase is less than originally anticipated:

GPS: 4% increase over the 2018-2019 budget

HPS: 3% increase over the 2018-2019 budget

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			