



Financial Oversight Committee 2015-2016 Report



2015-2016 Committee Members

- Joan Krenik, Chair
- Jon Kean, Vice-Chair
- Shelly Slaugh Nahass
- Paul Silvern
- Gordon Lee
- Tom Larmore
- Manel Sweetmore
- Debbie Mulvaney
- Marc Levis-Fitzgerald
- Seth Jacobson
- Alex Farivar



2015 – 2016 FOC Board and Staff Liaisons

- Laurie Lieberman
- Craig Foster
- Jan Maez
- Kim Nguyen



2015 – 2016 FOC Charges

- **Maintenance Financing** – Identify potential dedicated funding sources for maintenance financing.
- **Potential Cost Savings Through Sustainability** – Identify potential cost savings that could be obtained via implementation of sustainability measures.
- **Impact of Living Wage and Minimum Wage** – Study the possible impact of changes in the minimum and living wage levels on our salary structure and budget.
- **District Budget Committee** – Meet as requested to assist with analysis of budget issues.



FOC Maintenance Financing Subcommittee

- Tom Larmore – Subcommittee Chair
- Gordon Lee – Subcommittee Member
- Alex Farivar – Subcommittee Member



FOC Potential Savings Through Sustainability Subcommittee

- Shelly Slauch Nahass – Subcommittee Chair
- Seth Jacobson – Subcommittee Member
- Marc Levis-Fitzgerald – Subcommittee Member
- Manel Sweetmore – Subcommittee Member
- Dean Chien and Sky Petretti – Student Rep. Subcommittee Members



FOC Impact of Living and Minimum Wage Subcommittee

- Debbie Mulvaney – Subcommittee Chair
- Jon Kean – Subcommittee Member
- Joan Krenik – Subcommittee Member
- Paul Silvern – Subcommittee Member



FOC District Budget Subcommittee

- Joan Krenik – Subcommittee Chair
- Jon Kean – Subcommittee Member
- Tom Larmore – Subcommittee Member
- Debbie Mulvaney – Subcommittee Member

To: SMMUSD Board of Education
From: Joan Krenik, Chair, Financial Oversight Committee
Subject: FOC Annual Report
Date: July 14, 2016

In addition to its regular oversight duties, the SMMUSD Financial Oversight Committee typically evaluates special finance related questions poised by the Board. The FOC reports its findings at a joint meeting with the Board in July. At the 9/17/15 meeting of the SMMUSD School Board, the following subcommittee charges for FY 2015-16 were approved:

Maintenance Financing - Identify potential dedicated funding sources for maintenance operations above and beyond current budgetary levels. The subcommittee would also evaluate how other districts budget for and finance maintenance operations. In addition to searching for economies of scale, the goal would be to target new sources of revenue that could be dedicated to reducing the gap between what we have and what we need.

Potential Costs Savings through Sustainability - Identify potential cost savings through sustainability measures. The FOC would explore the potential long-term financial benefits as well as upfront costs. Water usage and the impact of solar technologies will be studied.

Impact of Living Wage and Minimum Wage - With changes made to the minimum wage in LA County, the FOC would focus on the potential impacts of changes in the minimum and living wage levels in Santa Monica. The SMMUSD current living wage is \$13.09/hour. As we have classified staff working below the City of Santa Monica's current living wage (\$15.37/hour), the impact of mandated wage increases on our salary structure and budget will be considered.

District Budget Committee - The district's budget will be studied by CBO Jan Maez, Superintendent Lyon and a working group of district staff. The FOC will make a subcommittee available to provide research and guidance for any particular issues that might arise during this process. The work of the FOC will be targeted and focused on fiscal impact and research only. The intent of the research would be to explore efficiencies that might be achieved.

The FOC formed subcommittees to focus on each charge. The subcommittee members assigned are as follows:

Maintenance Financing: Mr. Larmore (Chair), Mr. Lee, Mr. Farivar

Potential Cost Savings Through Sustainability: Ms. Slaugh Nahass(Chair), Mr. Jacobson, Mr. Levis-Fitzgerald, Mr. Sweetmore, Mr. Chien, Mr. Petretti

Impact of Living and Minimum Wage: Ms Mulvaney (Chair), Mr. Kean, Ms. Krenik, Mr. Silvern

District Budget: Ms. Krenik (Chair), Mr. Kean, Mr. Larmore, Ms. Mulvaney

Attached are the full subcommittee reports. A summary of the findings and conclusions will be presented at the Board Meeting on July 20, 2016.

Maintenance Financing Subcommittee Report

Submitted by: Mr. Larmore (Chair), Mr. Lee and Mr. Farivar

Our subcommittee was charged with looking into the possibility of a new dedicated source of funding for developing and executing a real time responsive preventative and deferred maintenance program for school facilities. The subcommittee members are Tom Larmore, Gordon Lee and Alex Farivar. We divided our task into two parts: assessing the extent of the need for additional funds; and evaluating potential sources.

Findings and Methodology

The Committee met with District Staff and outside consultants and reviewed facility inspection reports for each school compiled based on inspections during Summer and Fall, 2015. While most schools were rated as being in “Good” condition (Olympic High School, Webster Elementary and Roosevelt Elementary were rated as “Fair”) and no serious defects were found, there were many deficiencies found relating to interior surfaces and overall cleanliness.

The District has a “windows, paint and floor” project in place focusing first on elementary schools with three schools to be serviced each summer beginning in 2016. This project is being funded through bond funds (between \$2MM and \$4MM per school) and will be limited to interiors (but will not upgrade bathrooms). This level of maintenance is not sufficient to meet the continuing needs or provide rapid response as problems develop.

An adequate program would require between \$3MM - \$4MM annually and would be accomplished through a mix of Staff and service contracts. The District would acquire adequate service contracts and agreements to maintain newly installed complex HVAC systems, building management systems and energy efficiency equipment. A staff training program would be implemented to support these complex systems. The efficient use of staff skills is not being fully maximized as many of our highly trained specialists are executing low level work and facility priorities. This also causes potential union issues. With the right mix of staffing, a routine facility program can be implemented to support equipment, change filters, plumbing, fixtures and all the day to day maintenance occurrences.

With the right mix of contract and Staff, we can address long term deferred maintenance such as interior and exterior paint, roof, infrastructure and parking facilities. That includes implementing water conservation through efficient drought tolerant landscaping and irrigation practices.

All of this is supported through a well-planned and thorough work order system that will not only address immediate issues, but give Staff confidence to report the need for repairs and know they will be completed in a timely fashion. The goal is to change the “lack of quality” perception when it comes to District facilities. We want everyone to think our facilities are commensurate with our excellent education programs.

Potential Solutions

We believe the most logical source of new funding is a new transaction and use tax adopted by the voters similar to that of Propositions Y and YY. We are currently working with the City of Santa Monica in connection with its desire to obtain funding for affordable housing through such a tax. The current proposal is a .50% “sales” tax with half of the money being available to the District. This would generate another approximately \$8,000,000 annually at the

current level of sales activity in the City – the same amount as is generated by Proposition Y - presumably increasing incrementally annually. A ballot measure asking the voters to adopt such a tax and a companion measure expressing the will of the voters to devote one-half of the revenue to the District was approved by the City Council on July 12. Presumably, these measures be on the November, 2016 ballot. A committee has been established to work towards convincing the voters to adopt both measures.

Recommendations

If both measures are approved by the voters, the District’s share of the tax will provide more than is needed for maintenance and our work on this subject will be completed. If the tax is defeated, we recommend that this issue be studied as a part of the FOC’s activities next year.

Potential Cost Savings Through Sustainability Subcommittee Report

Submitted by: Ms. Slauch Nahass(Chair), Mr. Jacobson, Mr. Levis-Fitzgerald, Mr. Sweetmore

The sustainability subcommittee has been tasked with understanding and offering solutions to the current methods and policies employed by SMMUSD regarding sustainability. As an initial step, the committee will begin the review and evaluation of all the existing methods to better understand the current strategies being employed by the district. Following our initial review, the sustainability subcommittee will comment on these methods, as well as offer recommendations to the SMMUSD School Board regarding best practices, potential cost savings, and short term and long term strategies regarding sustainability. In parallel to this effort, the subcommittee will do a comprehensive review of sustainability policies and principles being implemented by other school districts and will work towards presenting a draft sustainability policy concept paper focused on the financial benefits of current and long-term sustainability. Such a policy should help drive the short and long-term direction of SMMUSD toward being a cost-effective sustainable school district. The subcommittee views its efforts to identify specific actions that will increase the school district’s sustainability index as a multi-year approach concentrating on one of the sustainability areas per FOC year, for three subsequent years. The sustainability policy regarding the cost-benefit of achieving sustainability in each of the three major categories below will be presented to the Board at the end of each of the three years, with an overall policy presented at the end of the third year.

As part of the subcommittee’s effort to address specific areas to improve the district’s sustainability profile, the subcommittee has identified the following three areas to initially focus on:

- Energy, including utility cost, energy efficiency standards (standards are required to be in place by 2030), efficient lighting, electronics, reviewing peak usage cost, and solar.
- Water, including reduction of use at sights including bathrooms, showers, landscape, review procedures regarding lead free drinking fountains at all sights, storm water run-off capture, landscape with drought tolerant plants only, recycling of green waste.
- Waste, including recycling of paper, electronics, batteries, food, printer cartridges, aluminum, glass, etc.

The end result of the sustainability subcommittee is an overall financial cost-benefit sustainability policy that will drive the development of a “Best Practices Guide” that will offer specific sustainability strategies to be implemented by the SMMUSD School Board at each of the district sites. The best practices guide will focus on the areas identified with a strong emphasis on finding economic savings that will impact the district’s operating budget. The best practice’s guide will also include student involvement programs that can be implemented at each district site. Additionally, the subcommittee will review building audits, maintenance and equipment replacement standards, and investment policies that focus on items that are energy efficient.

Findings and Methodology

The sub-committee determined that the first priority for our research and review was to review and analyze the use of water by district facilities and make recommendations as to what processes and programs should be done to facilitate increased water reductions and economic savings, as well as providing a road-map for determining the steps necessary to accomplish these initial efforts. The sub-committee also reviewed recommendations for how in coming year to address energy consumption and management and provide initial recommendations to the full FOC and school board by December 2016. It is the sub-committees desire to provide the board in early 2017, with a sustainability framework that we would hope the board will consider turning into a sustainability policy.

The committee met with district staff and also did extensive research with outside agencies and consultants to assess the steps necessary to accomplish these goals. We learned that there are two important initiatives ongoing within the district that we believe the board should continue to support and encourage:

Water Use Assessments

Under the direction of the Virginia Hyatt, the district is working towards contracting to have water audits for all the Santa Monica facilities. These audits would be done in the coming months and would provide facility specific analysis of each location and indicate where the district needs to repair, replace or remove equipment and infrastructure to better manage water use at each site. The committee believes this is an important step and ought to be a priority for the staff in the summer 2016 timeframe. Once those recommendations are made to staff, the committee recommends that staff bring them to the board and that they act quickly on them.

- NOTE: The funding for these efforts does not include the Malibu sites. This funding came from the City of Santa Monica and is dedicated to only Santa Monica sites. The importance of this is that the largest fines and issues related to water use according to the data we reviewed is for the Malibu sites. Therefore, completing review and analysis of the Malibu sites is critical for this program to be successful. The committee reviewed funding options for the Malibu assessment, and determined that there are two options for funding. Seek a grant from the local water districts (West Basin and/or Metropolitan Water District) or have the SMMUSD Board fund the analysis and seek reimbursement from existing general or bond funds. The committee suggests that the Board move forward and fund the analysis and then work with staff to reimburse the General Fund from either grant or bond funds (Measure ES) that were specifically allocated to the Malibu sites. Getting this work done is paramount to accomplishing our stated goal of understanding the water consumption issues within the entire SMMUSD operation.

Energy Assessment

As a second step towards identifying measurable sustainability, the sub-committee recommends that the SMMUSD take advantage of public/private programs that will provide the

district with a roadmap for energy sustainability. The sub-committee did research on programs that would be available to the SMMUSD that are provided by either the district's public utility vendors or other product manufacturers.

In reviewing the options, the sub-committee with the help of staff, identified the Continuous Energy Improvement Program (CEI). This program co-sponsored by Southern California Edison and Southern California Gas Company provides a detailed energy analysis and audit as well as "help qualified customers to implement strategic, ongoing energy-management practices." We believe that CEI is an excellent opportunity for the SMMUSD to assess the energy use within the district and accomplish this at a moderate cost of staff resources and time commitment. In order for the district to qualify for the CEI program the Board and staff must commit to the following, concepts and resource allocations which we believe strongly will be a step in the right direction towards district sustainability. Many of these elements are already in place which would make qualification extremely easy. Here are the requirements.

- Be a business customer of both SoCalGas and SCE.
Have support from an executive sponsor within their organization.
Be willing to commit financial and human resources to the CEI engagement, including designating a program point of contact who will be the CEI Project Manager/Energy Champion.
- Have the ability to clearly articulate business priorities and goals.
- Have incorporated, or be committed to incorporate, sustainability and energy efficiency into corporate goals, strategic planning, or messaging.
- Have training integrated into the company culture and processes.
- Have previous experience, or strong interest, in energy branding and certification (ISO 50001, LEED, ENERGY STAR, etc.).

It is important to note that the CEI program is a two-year program that is completely free to the district. The first year focuses on developing strategies and finding savings as well as funding sources for energy efficiency programs, the second year is focused on helping with implementation. The total number of staff hours that they would recommend is 8 hours per month. The Sustainability sub-committee of the FOC would work collaboratively with staff to monitor and direct activities.

Recommendations

It is our recommendation that the Board move swiftly to implement these measures – the continued engagement of the water consultants as well as engagement of CEI to develop a scope of work for energy management so that by fall 2016, the FOC can return to the board with some recommended approaches to financial savings related to water use and energy management.

Impact of Living and Minimum Wage Subcommittee Report

Submitted by: Ms Mulvaney (Chair), Mr. Kean, Ms. Krenik, Mr. Silvern

The District needs to maintain a salary schedule that is competitive and appropriately aligned with position classifications, but also recognizes that the local labor market has been re-shaped recently by both State and City of Santa Monica actions on minimum wage rates. This sub-committee was charged with looking at the impact these changes, and those associated with living wage issues, might have on District finances.

Findings and Methodology

SMMUSD has bargaining units that negotiate the pay scales for most of the employees of SMMUSD. For those employees that don't belong to either of the bargaining units (exempt employees), SMMUSD follows the higher of federal and state minimum wage guidelines. The current minimum wage in the State of California is \$10.00 per hour, rising to \$10.50 per hour on 7/1/16. The City of Santa Monica has recently implemented a plan to increase the minimum wage to \$15.00 per hour by 2020. The City itself however, follows a living wage structure for its employees. The current minimum for that is \$15.37 per hour rising to \$15.87 per hour on 7/1/16. The City's living wage is adjusted annually each July 1 by an amount corresponding to the previous year's change (January to January) in the Consumer Price Index for Urban Wage Earners and Clerical Workers, not a pre-defined schedule.

The committee reviewed the salary structure for those employees who fall into the category of employees affected by any change to the minimum wage. They are almost entirely exempt employees. We researched the various models used by other civic and academic organizations, as well as meeting with SEIU leadership to make sure we considered all options. This was difficult due to the fact that either it doesn't apply to other civic organizations (SMC) or they aren't dealing with it. We arrived at 3 possible models for addressing these issues, compressing the salary scale, adjusting the scale to accommodate higher incoming salaries or increasing the scale across the board. Compressing the salary scale is defined as lessening the 2 ½% differential between ranges. Adjusting the salary scale is defined as repositioning jobs along the range and steps to better match market rates for those jobs. Increasing the salary scale across the board is defined as making the same incremental increase on all steps/columns in order to raise the bottom up to a desired minimum level.

There are 3 categories of employees who are not within the membership of SEIU and are therefore not covered by any agreements. They are Student Workers, Noon Aides and Coaches, collectively, exempt employees. Currently Student Workers and Noon Aides are paid \$10.00 per hour and Coaches are paid \$12.40 per hour. The Student Workers and Noon Aides will increase to \$10.50 on 7/1/16 reflecting the impact of the City of Santa Monica's minimum wage structure. Following the minimum wage prescribed increases over the next several years and assuming the same number of employees in these categories, the cost to the District will be \$184,264 over the next 5 years, as the minimum wage grows to \$15.00 per hour.

Conclusions

There existed in SMMUSD a significant gap between wages paid to some employees vs market rate wages for comparable jobs. A Personnel Commission study was conducted in 2015 that detailed these wage gaps. While there is a desire to pay all employees at least a \$15 minimum wage if not a Living Wage, raising the wages of employees at the lowest end of the pay scale would create a compression in the salary steps for employees with higher wages and more seniority. Maintaining this step integrity will be costly for SMMUSD. Lastly, there is an opportunity cost due to below market wages as numerous positions remain unfilled and employee retention in these jobs is increasingly difficult.

The newly adopted collective bargaining agreement addresses many of the issues we were asked to look at, as it adjusts the salary scale to accommodate higher starting salaries as well as many of the market valuation discrepancies that had existed.

Much of the research conducted by the sub-committee lead to discoveries that have been addressed, at least to some degree, by the passage of the new collective bargaining agreement. The wide gap that existed between market rate and actual wages in SMMUSD has narrowed

significantly. A full scale shift of the salary range to bring the bottom salary ranges up to a living wage and keep all steps/columns proportionally the same, would create an undue burden on the district finances and should be discarded as an option to address the issues.

There is still a need for bringing our lowest wage earners to a living wage in the future in order to remain a competitive employer in Santa Monica and Malibu. Our SEIU workers now have reached a minimum wage of \$13.78 per hour effective with the new agreement (retroactive to 1/1/16). The largest unresolved issue remains the “step compression”, as starting hourly wages for the range 18-24 job categories once compressed would shrink the differentiation between the ranges.

Recommendations

Consider addressing the minimum wage exempt employees earlier than the minimum wage incremental increase calls for. These jobs are hard to fill and we are at a competitive disadvantage for these positions. They are part-time and pay less than equivalent jobs within the City of Santa Monica, thereby making it more difficult to fill these spots. Also, the total value of this adjustment is just shy of \$185,000. SMMUSD needs to keep salaries in line with market valuation in a more timely manner, so we retain our competitive advantage. The District needs to continue to work with the bargaining units to address the differential between minimum and living wages, while considering the implication at its lower levels of compressing the salary structure.

From: The Financial Oversight Committee of the Santa Monica-Malibu Unified School District	
To: The Board of Education of the Santa Monica-Malibu Unified School District	
Prepared by: Debbie Mulvaney, Joan Krenik, Jon Kean, Paul Silvern	
Regarding: Minimum Wage and Living Wage and its financial impact on SMMUSD	

Charge to Subcommittee

The District needs to maintain a salary schedule that is competitive and appropriately aligned with position classifications, but also recognizes that the local labor market has been re-shaped recently by both State and City of Santa Monica actions on minimum wage rates. This sub-committee was charged with looking at the impact these changes, and those associated with living wage issues, might have on District finances.

SMMUSD Minimum Wage Requirements

SMMUSD has bargaining units that negotiate the pay scales for most of the employees of SMMUSD. For those employees that don't belong to either of the bargaining units (exempt employees), SMMUSD follows the higher of federal and state minimum wage guidelines. The current minimum wage in the State of California is \$10.00 per hour, rising to \$10.50 per hour on 7/1/16. The City of Santa Monica has recently implemented a plan to increase the minimum wage to \$15.00 per hour by 2020. The City itself however, follows a living wage structure for its employees. The current minimum for that is \$15.37 per hour rising to \$15.87 per hour on 7/1/6. The City's living wage is adjusted annually each July 1 by an amount corresponding to the previous year's change (January to January) in the Consumer Price Index for Urban Wage Earners and Clerical Workers, not a pre-defined schedule.

City of Santa Monica Minimum Wage increments

7/1/16	\$10.50
7/1/17	\$12.00
7/1/18	\$13.25
7/1/19	\$14.25
7/1/20	\$15.00

Methodology

The committee reviewed the salary structure for those employees who fall into the category of employees affected by any change to the minimum wage. They are almost entirely exempt employees. We researched the various models used by other civic and academic organizations, as well as meeting with SEIU leadership to make sure we considered all options. We arrived at 3 possible models for addressing these issues, compressing the salary scale, adjusting the scale to accommodate higher incoming salaries or increasing the scale across the board. Compressing the salary scale is defined as lessening the 2 ½% differential between ranges. Adjusting the salary scale is defined as repositioning jobs along the range and steps to better match market rates for those jobs. Increasing the salary scale across the board is defined as making the same incremental increase on all steps/columns in order to raise the bottom up to a desired minimum level.

Exempt Employees

There are 3 categories of employees who are not within the membership of SEIU and are therefore not covered by any agreements. They are Student Workers, Noon Aides and Coaches, collectively, exempt employees. Currently Student Workers and Noon Aides are paid \$10.00 per hour and Coaches are paid \$12.40 per hour. The Student Workers and Noon Aides will increase to \$10.50 on 7/1/16 reflecting the impact of the City of Santa Monica's minimum wage structure. Following the minimum wage prescribed increases over the next several years and assuming the same number of employees in these categories, the cost to the District will be \$184,264 over the next 5 years, as the minimum wage grows to \$15.00 per hour. See the chart below for the impact to SMMUSD for those exempt employees who are minimum wage employees (or close to minimum wage) and who are effected by the Minimum Wage changes in the City of Santa Monica.

City of Santa Monica Minimum Wage Changes - Impact to SMMUSD							23-Mar-16	
Object Code	Position		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
2931	Coaches	hourly rate	\$12.40	\$12.40	\$12.40	\$13.25	\$14.25	\$15.00
		total expense	\$280,018	\$280,018	\$280,018	\$299,213	\$321,795	\$338,731
2933	Student Workers/AVID	hourly rate	\$10.00	\$10.50	\$12.00	\$13.25	\$14.25	\$15.00
		total expense	\$38,405	\$40,325	\$46,086	\$50,887	\$54,727	\$57,608
2935	Noon Duty	hourly rate	\$10.00	\$10.50	\$12.00	\$13.25	\$14.25	\$15.00
		total expense	\$212,697	\$223,332	\$255,236	\$281,824	\$303,093	\$319,043
	TOTAL		\$531,120	\$543,675	\$581,340	\$631,923	\$679,615	\$715,384
	Increase from prior year			\$12,555	\$37,665	\$50,583	\$47,692	\$35,769
Cumulative Impact over 5 years								\$184,264

Issues Raised

There existed in SMMUSD a significant gap between wages paid to some employees vs market rate wages for comparable jobs. A study was conducted in 2015 that detailed these wage gaps (see below). While there is a desire to pay all employees at least a \$15 minimum wage if not a Living Wage, raising the wages of employees at the lowest end of the pay scale would create a compression in the salary steps for employees with higher wages and more seniority. Maintaining this step integrity will be costly for SMMUSD. Lastly, there is an opportunity cost due to below market wages as numerous positions remain unfilled and employee retention in these jobs is increasingly difficult. The next 3 pages show the market differential before the latest contract.

Personnel Commission Study Results

SMMUSD Classification Plan					Distance +/- From Market						
Job Fam	Job Sub-Family	Classification	Benchmark Link	Range	MIN SAL % From 0% Under Market	MAX SAL % From 0% Under Market	MAX SAL % From -1% Under Market	MAX SAL % From -2% Under Market	MAX SAL % From -3% Under Market	MAX SAL % From -4% Under Market	MAX SAL % From -5% Under Market
Facilit	Maintenance	Facilities Technician	Maint Supv	A45	-4%	-7%	-6%	-5%	-4%	-3%	-2%
Facilit	Maintenance	Electrician	BM	A37	-15%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Maintenance	HVAC Technician	BM	A37	-16%	-12%	-11%	-10%	-9%	-8%	-7%
Facilit	Maintenance	Metal Worker	Electrician	A37	-15%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Maintenance	Plumber	Electrician	A37	-15%	-12%	-11%	-10%	-9%	-8%	-7%
Facilit	Maintenance	Carpenter	BM	A35	-14%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Maintenance	Glazier	Carpenter	A35	-14%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Maintenance	Locksmith	Carpenter	A35	-14%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Maintenance	Painter	Carpenter	A35	-14%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Maintenance	Skilled Maint Wrkr	BM	A31	-14%	-9%	-8%	-7%	-6%	-5%	-4%
Facilit	Operations	Sports Facility Coord	Gardener	A38	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Operations	Sprinkler Repair Tech	BM	A33	-11%	-5%	-4%	-3%	-2%	-1%	0%
Facilit	Operations	Equip Oper/Sports Facility	Gardener	A29	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Operations	Equip Oper/Tree Trim	Gardener	A29	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Operations	Equip Operator	Gardener	A27	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Operations	Utility Worker	Gardener	A27	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Operations	Lead Custodian	BM	A25	-16%	-13%	-12%	-11%	-10%	-9%	-8%
Facilit	Operations	Gardener	BM	A24	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Operations	Custodian	BM	A22	-15%	-13%	-12%	-11%	-10%	-9%	-8%
Facilit	Operations	Sports Facility Attendant	Gardener	A22	-17%	-11%	-10%	-9%	-8%	-7%	-6%
Facilit	Performing Ar	Theater Coord (Live/Stage)	BM	A42	-8%	-3%	-2%	-1%	0%	0	0
Facilit	Performing Ar	Theater Tech (Live/Stage)	BM	A35	-9%	-9%	-8%	-7%	-6%	-5%	-4%
Facilit	Performing Ar	Media Services Coord	BM	A26	-19%	-15%	-14%	-13%	-12%	-11%	-10%
Facilit	Technology Su	Network Engineer	BM	A51	-10%	-7%	-6%	-5%	-4%	-3%	-2%
Facilit	Technology Su	Systems Analyst	BM	A51	-6%	-5%	-4%	-3%	-2%	-1%	0%
Facilit	Technology Su	Education Data Specialist	Systems	A49	-6%	-5%	-4%	-3%	-2%	-1%	0%
Facilit	Technology Su	Senior Tech Supp Asst.	BM	A43	-4%	-3%	-2%	-1%	0%	0	0
Facilit	Technology Su	Tech Supp Asst.	BM	A38	-2%	3%	0	0	0	0	0
Facilit	Technology Su	Audio/Visual Tech.	BM	A36	-35%	-31%	-30%	-29%	-28%	-27%	-26%
Facilit	Technology Su	Computer Operator	BM??	A33			0	0	0	0	0
Fiscal	Accounting	Payroll Specialist		N/A	-25%	-19%	-18%	-17%	-16%	-15%	-14%
Fiscal	Accounting	Accountant	BM	A41	-15%	-13%	-12%	-11%	-10%	-9%	-8%
Fiscal	Accounting	Accounting Tech	BM	A29	-16%	-11%	-10%	-9%	-8%	-7%	-6%
Fiscal	Accounting	Accounting Asst II	Account Tech	A26	-16%	-11%	-10%	-9%	-8%	-7%	-6%
Fiscal	Purchasing	Senior Buyer	BM	A41	-8%	-6%	-5%	-4%	-3%	-2%	-1%
Fiscal	Purchasing	Buyer	BM	A37	2%	4%	0	0	0	0	0
Fiscal	Purchasing	Assistant Buyer	BM??	A33			0	0	0	0	0
Office	Clerical	Special Ed Data Entry Spec.	Data Entry	A27	-7%	-4%	-3%	-2%	-1%	0	0
Office	Clerical	Textbook Coordinator	Data Entry	A26	-7%	-4%	-3%	-2%	-1%	0	0
Office	Clerical	Data Entry Specialist	BM	A25	-7%	-4%	-3%	-2%	-1%	0	0
Office	Clerical	Senior Office Specialist	BM	A25	-10%	-9%	-8%	-7%	-6%	-5%	-4%
Office	Clerical	Reprographics Operator	Office Spec	A23	-8%	-7%	-6%	-5%	-4%	-3%	-2%
Office	Clerical	Office Specialist	BM	A22	-8%	-7%	-6%	-5%	-4%	-3%	-2%
Office	Secretarial	Admin Asst (HS)		N/A	-17%	-14%	-13%	-12%	-11%	-10%	-9%
Office	Secretarial	Admin Asst (K-8)		N/A	-12%	-10%	-9%	-8%	-7%	-6%	-5%
Office	Secretarial	Senior Admin Asst	BM	A34	-16%	-14%	-13%	-12%	-11%	-10%	-9%
Office	Secretarial	Admin Asst (Dept)	BM	A29	-17%	-15%	-14%	-13%	-12%	-11%	-10%
Perso	HR/Personnel	Chief Steward	HR Specialist	A40	-10%	-7%	-6%	-5%	-4%	-3%	-2%
Perso	HR/Personnel	HR Specialist	BM	A36	-10%	-7%	-6%	-5%	-4%	-3%	-2%
Perso	HR/Personnel	Emp Benefit Tech	BM	A34	-7%	-3%	-2%	-1%	0%	0	0
Perso	HR/Personnel	HR Tech	BM	A31	-12%	-8%	-7%	-6%	-5%	-4%	-3%
Stude	Athletic	Athletic Trainer	BM	A35	-10%	-8%	-7%	-6%	-5%	-4%	-3%
Stude	Athletic	Physical Activities Specialist	BM	A26	-4%	-1%	0	0	0	0	0

SMMUSD Classification Plan					+/- From Market						
Job Fam	Job Sub-Family	Classification	Benchmark Link	Range	MIN SAL % From 0% Under Market	MAX SAL % From 0% Under Market	MAX SAL % From -1% Under Market	MAX SAL % From -2% Under Market	MAX SAL % From -3% Under Market	MAX SAL % From -4% Under Market	MAX SAL % From -5% Under Market
Stude	Athletic	Swimming Instructor/	BM	A21	-16%	-10%	-9%	-8%	-7%	-6%	-5%
Stude	Athletic	IA-Physical Education	BM	A20	-4%	-1%	0	0	0	0	0
Stude	Development	Occupational Therapist	BM	A61	3%	4%	0	0	0	0	0
Stude	Development	Physical Therapist	BM	A61	0%	0%	0	0	0	0	0
Stude	Development	Speech Lang Path Asst	COTA	A36	-11%	-9%	-8%	-7%	-6%	-5%	-4%
Stude	Development	COTA	BM	A34	-11%	-9%	-8%	-7%	-6%	-5%	-4%
Stude	Development	Licensed Voc Nurse (samo)	BM??	A34			0	0	0	0	0
Stude	Development	Health Office Specialist	BM	A25	-5%	-2%	-1%	0%	0	0	0
Stude	Development	Paraeducator-2	BM	A23	-17%	-12%	-11%	-10%	-9%	-8%	-7%
Stude	Food Services	Nutrition Specialist	BM??	A36			0	0	0	0	0
Stude	Food Services	Prod Kitch Coord	BM	A29	-13%	-14%	-13%	-12%	-11%	-10%	-9%
Stude	Food Services	Site Food Services Coord	Prod Kitch	A29	-13%	-14%	-13%	-12%	-11%	-10%	-9%
Stude	Food Services	Cafeteria Cook/Baker	CWII	A18	-4%	-16%	-15%	-14%	-13%	-12%	-11%
Stude	Food Services	Cafeteria Worker/Transp	SPECIAL	A13	0%	-14%	-13%	-12%	-11%	-10%	-9%
Stude	Food Services	Cafeteria Worker II	BM	A13	-4%	-16%	-15%	-14%	-13%	-12%	-11%
Stude	Food Services	Cafeteria Worker I	BM	A11	4%	-12%	-11%	-10%	-9%	-8%	-7%
Stude	Guidance	Student Outreach Spec	BM	A44	12%	15%	0	0	0	0	0
Stude	Guidance	ROP Coordinator		A41			0	0	0	0	0
Stude	Guidance	College & Career Advisor	BM	A30	-3%	-1%	0%	0	0	0	0
Stude	Guidance	Translator (samo)		A28			0	0	0	0	0
Stude	Guidance	Bilingual Comm Liaison	Comm Liaison	A25	-12%	-10%	-9%	-8%	-7%	-6%	-5%
Stude	Guidance	Campus Security Officer	BM	A25	-4%	-3%	-2%	-1%	0	0	0
Stude	Guidance	Job Developmnt Placement	BM	A25	-25%	-21%	-20%	-19%	-18%	-17%	-16%
Stude	Guidance	Community Liaison	BM	A23	-12%	-10%	-9%	-8%	-7%	-6%	-5%
Stude	Guidance	Braille Transcriber	SPECIAL	A21			0	0	0	0	0
Stude	Instructional	IA-Sign Language Interpr		A37			0	0	0	0	0
Stude	Instructional	Laboratory Technician	IA-Classroom	A26	-4%	-6%	-5%	-4%	-3%	-2%	-1%
Stude	Instructional	Paraeducator-3	BM	A26	-8%	-3%	-2%	-1%	0%	0	0
Stude	Instructional	IA-Bilingual (Spanish)	IA-Classroom	A20	-4%	-6%	-5%	-4%	-3%	-2%	-1%
Stude	Instructional	Paraeducator-1	BM	A20	-9%	-5%	-4%	-3%	-2%	-1%	0%
Stude	Instructional	CCA-3	BM	A19	-6%	-8%	-7%	-6%	-5%	-4%	-3%
Stude	Instructional	CCA-2	CCA-3	A18	-6%	-8%	-7%	-6%	-5%	-4%	-3%
Stude	Instructional	IA-Classroom	BM	A18	-4%	-6%	-5%	-4%	-3%	-2%	-1%
Stude	Instructional	CCA-1	BM	A17	2%	0%	0	0	0	0	0
Stude	Library Support	Elem Lib Coor	BM	A26	-4%	-4%	-3%	-2%	-1%	0%	0
Stude	Library Support	Library Asst II	BM	A26	-14%	-9%	-8%	-7%	-6%	-5%	-4%
Stude	Library Support	Library Asst I	BM	A22	-8%	-4%	-3%	-2%	-1%	0%	0
Stude	Music Support	Accompanist	BM	A31	0%	4%	0	0	0	0	0
Stude	Music Support	IA-Music	BM	A20	-8%	-3%	-2%	-1%	0	0	0
Stude	Transportation	Lead Veh & Equip	Veh & Equip	A39	-14%	-10%	-9%	-8%	-7%	-6%	-5%
Stude	Transportation	Vehicle & Equipment	BM	A36	-14%	-10%	-9%	-8%	-7%	-6%	-5%
Stude	Transportation	Bus Driver	BM	A28	-22%	-17%	-16%	-15%	-14%	-13%	-12%
Stude	Transportation	Stock & Delivery Clerk	BM	A26	-13%	-10%	-9%	-8%	-7%	-6%	-5%

SMMUSD Classification Plan					+/- From Market						
Job Fam	Job Sub-Family	Classification	Benchmark Link	Range	MIN SAL % From 0% Under Market	MAX SAL % From 0% Under Market	MAX SAL % From -1% Under Market	MAX SAL % From -2% Under Market	MAX SAL % From -3% Under Market	MAX SAL % From -4% Under Market	MAX SAL % From -5% Under Market
Fiscal	Accounting	Dir. Fiscal	BM	M64	-7%	-6%	-5%	-4%	-3%	-2%	-1%
Perso	HR/Personnel	Dir. Classified Personnel	BM	M64	-13%	-9%	-8%	-7%	-6%	-5%	-4%
Facilit	Maintenance	Director of M&O	BM	M60	-1%	-6%	-5%	-4%	-3%	-2%	-1%
Facilit	Technology Su	Dir. Info Svcs	BM	M60	-17%	-19%	-18%	-17%	-16%	-15%	-14%
Facilit	Performing Ar	Dir. Theater Facilities	BM	M55	-1%	-6%	-5%	-4%	-3%	-2%	-1%
Fiscal	Purchasing	Dir. Purchasing	BM	M55	-17%	-18%	-17%	-16%	-15%	-14%	-13%
Stude	Food Services	Dir. Food Svcs	BM	M55	-14%	-18%	-17%	-16%	-15%	-14%	-13%
Stude	Transportation	Dir. Transportation	BM	M51	-27%	-24%	-23%	-22%	-21%	-20%	-19%
Facilit	Maintenance	Mgr Maint Constr	BM	M50	-10%	-12%	-11%	-10%	-9%	-8%	-7%
Facilit	Operations	Mgr Buildings Grounds	BM	M50	0%	2%	0	0	0	0	0
Facilit	Technology Su	Asst. Dir Info Svcs	BM	M50	-21%	-28%	-27%	-26%	-25%	-24%	-23%
Fiscal	Accounting	Asst. Dir Fiscal	BM	M50	-16%	-18%	-17%	-16%	-15%	-14%	-13%
Perso	HR/Personnel	Personnel Analyst	BM	M46	-4%	-8%	-7%	-6%	-5%	-4%	-3%
Facilit	Maintenance	Constr Supervisor	Maint Supv	M45	-4%	-7%	-6%	-5%	-4%	-3%	-2%
Facilit	Maintenance	Maint Supervisor	BM	M45	-4%	-7%	-6%	-5%	-4%	-3%	-2%
Facilit	Technology Su	Supervisor, Comp Svcs	BM	M45	-18%	-21%	-20%	-19%	-18%	-17%	-16%
Facilit	Operations	Plant Supervisor	BM	M41	5%	3%	0	0	0	0	0
Facilit	Performing Ar	Facility Permit Supv	BM	M41	-11%	-15%	-14%	-13%	-12%	-11%	-10%
Fiscal	Accounting	Fiscal Services Supervisor	BM	M41	-9%	-14%	-13%	-12%	-11%	-10%	-9%
Perso	HR/Personnel	Credential Analyst	Pers Analyst	M36	-4%	-8%	-7%	-6%	-5%	-4%	-3%
Stude	Food Services	Food Svcs Operations	BM	M36	-8%	-11%	-10%	-9%	-8%	-7%	-6%
Office	Secretarial	Asst. to the Supt.	BM	C39	-22%	-17%	-16%	-15%	-14%	-13%	-12%
Perso	HR/Personnel	HR Specialist (Conf)	HR Specialist	C36	-10%	-7%	-6%	-5%	-4%	-3%	-2%
Office	Secretarial	Senior Admin Asst (Conf)	Senior Admin	C34	-16%	-14%	-13%	-12%	-11%	-10%	-9%

Results

The newly adopted collective bargaining agreement addresses many of the issues we were asked to look at, as it adjusts the salary scale to accommodate higher starting salaries as well as many of the market valuation discrepancies that had existed. See the next 2 pages which show the new ranges/steps after the collective bargaining process.

**CLASSIFIED EMPLOYEE'S MONTHLY SALARY SCHEDULE A
EFFECTIVE 1/1/2016 - INCLUDES 6% INCREASE**

							1/1/2016
RANGE	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	Hourly STEP A
1	1,551	1,628	1,710	1,795	1,885	1,979	8.95
2	1,590	1,669	1,753	1,840	1,932	2,029	9.17
3	1,628	1,710	1,795	1,885	1,979	2,078	9.39
4	1,669	1,753	1,840	1,932	2,029	2,130	9.63
5	1,710	1,795	1,885	1,979	2,078	2,182	9.86
6	1,753	1,840	1,932	2,029	2,130	2,237	10.11
7	1,795	1,885	1,979	2,078	2,182	2,291	10.36
8	1,840	1,932	2,029	2,130	2,237	2,349	10.62
9	1,885	1,979	2,078	2,182	2,291	2,406	10.88
10	1,932	2,029	2,130	2,237	2,349	2,465	11.15
11	1,979	2,078	2,182	2,291	2,406	2,526	11.42
12	2,029	2,130	2,237	2,349	2,465	2,590	11.70
13	2,078	2,182	2,291	2,406	2,526	2,652	11.99
14	2,130	2,237	2,349	2,465	2,590	2,719	12.29
15	2,182	2,291	2,406	2,526	2,652	2,785	12.59
16	2,237	2,349	2,465	2,590	2,719	2,855	12.90
17	2,291	2,406	2,526	2,652	2,785	2,925	13.22
18	2,349	2,465	2,590	2,719	2,855	2,997	13.55
19	2,406	2,526	2,652	2,785	2,925	3,071	13.88
20	2,465	2,590	2,719	2,855	2,997	3,147	14.22
21	2,526	2,652	2,785	2,925	3,071	3,224	14.57
22	2,590	2,719	2,855	2,997	3,147	3,304	14.94
23	2,652	2,785	2,925	3,071	3,224	3,384	15.30
24	2,719	2,855	2,997	3,147	3,304	3,469	15.68
25	2,785	2,925	3,071	3,224	3,384	3,555	16.07
26	2,855	2,997	3,147	3,304	3,469	3,644	16.47
27	2,925	3,071	3,224	3,384	3,555	3,732	16.87
28	2,997	3,147	3,304	3,469	3,644	3,825	17.29
29	3,071	3,224	3,384	3,555	3,732	3,919	17.71
30	3,147	3,304	3,469	3,644	3,825	4,016	18.16
31	3,224	3,384	3,555	3,732	3,919	4,115	18.60
32	3,304	3,469	3,644	3,825	4,016	4,218	19.06
33	3,384	3,555	3,732	3,919	4,115	4,321	19.53
34	3,469	3,644	3,825	4,016	4,218	4,428	20.02

<u>RANGE</u>	<u>STEP A</u>	<u>STEP B</u>	<u>STEP C</u>	<u>STEP D</u>	<u>STEP E</u>	<u>STEP F</u>	Hourly <u>STEP A</u>
35	3,555	3,732	3,919	4,115	4,321	4,537	20.51
36	3,644	3,825	4,016	4,218	4,428	4,649	21.02
37	3,732	3,919	4,115	4,321	4,537	4,763	21.53
38	3,825	4,016	4,218	4,428	4,649	4,883	22.07
39	3,919	4,115	4,321	4,537	4,763	5,001	22.61
40	4,016	4,218	4,428	4,649	4,883	5,126	23.17
41	4,115	4,321	4,537	4,763	5,001	5,251	23.74
42	4,218	4,428	4,649	4,883	5,126	5,383	24.34
43	4,321	4,537	4,763	5,001	5,251	5,514	24.93
44	4,428	4,649	4,883	5,126	5,383	5,651	25.54
45	4,537	4,763	5,001	5,251	5,514	5,789	26.17
46	4,649	4,883	5,126	5,383	5,651	5,935	26.82
47	4,763	5,001	5,251	5,514	5,789	6,080	27.48
48	4,883	5,126	5,383	5,651	5,935	6,231	28.17
49	5,001	5,251	5,514	5,789	6,080	6,383	28.85
50	5,126	5,383	5,651	5,935	6,231	6,543	29.57
51	5,251	5,514	5,789	6,080	6,383	6,702	30.29
52	5,383	5,651	5,935	6,231	6,543	6,869	31.05
53	5,514	5,789	6,080	6,383	6,702	7,037	31.81
54	5,651	5,935	6,231	6,543	6,869	7,213	32.60
55	5,789	6,080	6,383	6,702	7,037	7,389	33.40
56	5,935	6,231	6,543	6,869	7,213	7,574	34.24
57	6,080	6,383	6,702	7,037	7,389	7,759	35.07
58	6,231	6,543	6,869	7,213	7,574	7,953	35.95
59	6,383	6,702	7,037	7,389	7,759	8,147	36.82
60	6,543	6,869	7,213	7,574	7,953	8,350	37.75
61	6,702	7,037	7,389	7,759	8,147	8,554	38.66
62	6,869	7,213	7,574	7,953	8,350	8,767	39.63
63	7,037	7,389	7,759	8,147	8,554	8,982	40.60
64	7,213	7,574	7,953	8,350	8,767	9,207	41.61
65	7,389	7,759	8,147	8,554	8,982	9,431	42.63
66	7,574	7,953	8,350	8,767	9,207	9,667	43.70
67	7,759	8,147	8,554	8,982	9,431	9,902	44.76
68	7,953	8,350	8,767	9,207	9,667	10,150	45.88

Summary of Analysis:

Much of the research conducted by the sub-committee lead to discoveries that have been addressed, at least to some degree, by the passage of the new collective bargaining agreement. The wide gap that existed between market rate and actual wages in SMMUSD has narrowed significantly. See the chart below which shows the changes in ranges as a result of moving toward a more market rate structure. A full scale shift of the salary range to bring the bottom salary ranges up to a living wage and keep all steps/columns proportionally the same, would create an undue burden on the district finances and should be discarded as an option to address the issues.

SMMUSD Classification Plan

Classification	Range	New Range	MAX SAL % from 0% Under Market	MAX SAL Distance from Market After +6% Adjustment	Range Adjustment	Distance Off Market After Range Adj
Cafeteria Cook/Baker	18	22	-16%	-10%	4	0%
Cafeteria Worker II	13	17	-16%	-10%	4	0%
Cafeteria Worker I	11	13	-14%	-8%	2	-3%
Cafeteria Worker/Transp	13	15	-14%	-8%	2	-3%
Custodian	22	24	-14%	-8%	2	-3%
Sports Facility Attendant	22	24	-13%	-7%	2	-2%
Swimming Instructor/ Lifeguard	21	21	-10%	-4%	0	-4%
CCA-2	18	18	-8%	-2%	0	-2%
CCA-3	19	19	-8%	-2%	0	-2%
Library Asst I	22	22	-7%	-1%	0	-1%
Office Specialist	22	22	-7%	-1%	0	-1%
Reprographics Operator	23	23	-7%	-1%	0	-1%
IA-Classroom	18	18	-6%	0%	0	0%
IA-Bilingual (Spanish)	20	20	-6%	0%	0	0%
Paraeducator-1	20	20	-5%	1%	0	1%
IA-Music	20	20	-3%	3%	0	3%
IA-Physical Education	20	20	-1%	5%	0	5%
CCA-1	17	17	0%	6%	0	6%

There is still a need for bringing our lowest wage earners to a living wage in the future in order to remain a competitive employer in Santa Monica and Malibu. Our SEIU workers now have reached a minimum wage of \$13.78 per hour effective with the new agreement (but retroactive to 1/1/16). The largest unresolved issue remains the “step compression”, as starting hourly wages for the range 18-24 job categories once compressed would shrink the differentiation between the ranges. Those listed below are the jobs that would be affected by the compression strategy:

The classifications at 18 and above that are receiving the benefit of the SMMUSD minimum level are:

Café Worker II
Café Worker I
Café Worker/Transportation
CDS Assistant – 2
CDS Assistant - 1

The classification between 19 and 24 are:

Cafeteria Cook/Baker	Reprographics Operator
Custodian	Instructional Asst. Bilingual
Sports Fac. Attendant	Paraeducator - SPED
CDS Assistant – 3	Instructional Asst. Music
Library Asst. 1Office Specialist	Instructional Asst. PE

The FOC recommends the following actions:

Consider addressing the minimum wage exempt employees earlier than the minimum wage incremental increase calls for. These jobs are hard to fill and we are at a competitive disadvantage for these positions. They are part-time and pay less than equivalent jobs within the City of Santa Monica, thereby making it more difficult to fill these spots.

SMMUSD needs to keep salaries in line with market valuation in a more timely manner, so we retain our competitive advantage.

The District needs to continue to work with the bargaining units to address the differential between minimum and living wages, while considering the implication at its lower levels of compressing the salary structure.