



Town of North Smithfield

Budget Committee



Fiscal Impact Narrative for the North Smithfield School Department FY2016-18 NSTA Collective Bargaining Agreement

On April 12, 2016, a tentative contract was mutually agreed upon between the North Smithfield Teachers Association (NSTA) and the North Smithfield School Committee for the period of FY15-16 through FY17-18, subject to ratification by the Town of North Smithfield Town Council.

The terms of the tentative agreement address three primary areas:

1. Annual Teacher Salary increases (in addition to customary Step increase entitlements)
 - a. FY15/16 – 1.5%
 - b. FY16/17 – 1.95%
 - c. FY17/18 - 2.0%

2. Modifications to the Health Care plan
 - a. FY15-16: no change; \$500-\$1,000 deductible (Individual/Family) (50% deductible-employer cost share); 18% employee premium co-share.
 - b. FY16/17: Deductible increases from \$500/\$1,000 to \$1,000/\$2,000 (Individual/Family).
 - c. FY17/18: Employee premium co-share increases to 19%.

3. Non-School days/Professional development:
 - a. FY15/16 – no change: one orientation day; four required professional development days.
 - b. FY16/17 – no change
 - c. FY17/18 - one orientation day; three required professional development days; and one optional professional development day compensated at \$180 per participant,.

The North Smithfield Budget Committee performed a Fiscal Impact analysis of the proposed agreement.

In summary, the 3-Year tax burden to the town associated with the proposed agreement is \$2,612,393 but year one is already funded in current budget. Therefore additional tax burden for years 2 and 3 of the contract is \$2,170,088 if there are no savings from the School Department to offset the increase in payroll costs. (See attached spreadsheet for details in each year of the contract.)

This includes Town savings of \$294,452 due to increased employee healthcare premium contributions and co-shares.

April 24, 2016.



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NORTH SMITHFIELD SCHOOL DEPARTMENT FY 2016-2018 NSTA Collective Bargaining - Fiscal Impact Statement

April 24, 2016

	Yr 1 FY 15 / 16	Yr 2 FY 16 / 17	Yr 3 FY 17 / 18
Salary	1.50%	1.95%	2.00%
Step Increases only	217,160	218,670	211,200
Salary Raise Increases only	159,174	217,638	235,860
Optional Professional Development Day			28,440
Total Salary - Increase	376,334	436,308	475,500
Associated Payroll Medicare Taxes (calculated at 1.45%)			
Medicare Tax on Step Increases	3,149	3,171	3,062
Medicare Tax on Raise Increase only	2,308	3,156	3,420
Medicare Tax on Professional Development Day			4,124
TOTAL MEDICARE TAX INCREASE (Calculated at 1.45%)	5,457	6,326	10,606
Associated Pension Increases			
Pension Step Increases only	34,919	33,828	32,673
Pension Cost - Raise Increase only	25,595	33,669	36,488
Pension Cost - Professional Development Day			4,400
TOTAL PENSION COST INCREASE (calculated at 16.08% Yr1; and 15.47% years 2 and 3.)	60,514	67,497	73,560
Total Payroll costs increases			
Step only including Salary/Medicare/Pension	255,228	255,669	246,935
Raise only including Salary/Medicare/Pension	187,077	254,462	275,768
Optional Professional Development Day			36,963
TOTAL PAYROLL COST INCREASE PER YEAR	442,305	510,131	559,666
Fringe Benefit Decrease/Increase			
Health Care Premium Decrease		(146,644)	(146,644)
Co-Share Savings (1% increase in Co-Share in 2018)		-	(15,164)
Deductible Reimbursement - 50% Paid by School Dept (from 500/1000 to 1000/2000)	0	7,000	7,000
Total Insurance Benefit - Decrease	\$ -	\$ (139,644)	\$ (154,808)
TOTAL NET FISCAL IMPACT	442,305	370,487	404,858

Additional Tax Burden Carried to FY17-18 from Above Impact

	2015/2016	2016/2017	2017/2018
Additional Tax Revenue Necessary from FY15-16	442,305	442,305	442,305
Additional Tax Revenue Necessary from FY16-17		370,487	510,131
Additional Tax Revenue Necessary from FY17-18			404,858
Total Revenue Necessary Over Impacted Fiscal Years	442,305	812,793	1,357,295

3-Year Total Contract Impact 2,612,393

2-Year Total Tax Revenue Requirement (assumes Year 1 Funded by Existing Budget Plus Surplus) 2,170,088