



TUSD Board Presentation

PREO & SubSource Programs – June 12, 2018

esi EDUCATIONAL
SERVICES, INC

Introduction



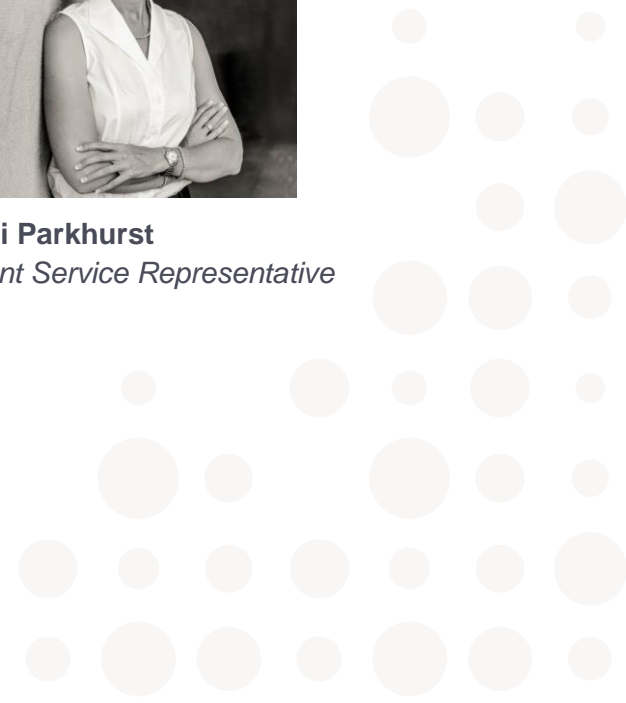
Phil Tavasci
President



Tom Hancock
VP of Human Resources



Toni Parkhurst
Client Service Representative



Who is ESI?

- ESI is an employee staffing company founded in 1999 by three retired educators
- Founder and leader of the Return-to-Work program
- We work with 160+ Arizona school districts, colleges, cities, and towns
- Dedicated staff of 26 team members
 - Customer service
 - Human resources
 - Payroll
 - Billing
 - Recruiting
- Onsite Customer Service Representative located at 1010

Our Offices



Staffing Programs



RetireRehire
A Program of **esi**

Founder and leading
provider of return-to-work
staffing in Arizona



FlexTeach
A Program of **esi**

National teacher recruiting
program

Recent coverage:

[Arizona Republic](#)

[Education Week](#)

[ABC15 News](#)



SubSource
A Program of **esi**

Recruiting & Retention

Human Resources Support

Professional Development

Sub Wellness

Legislative Compliance

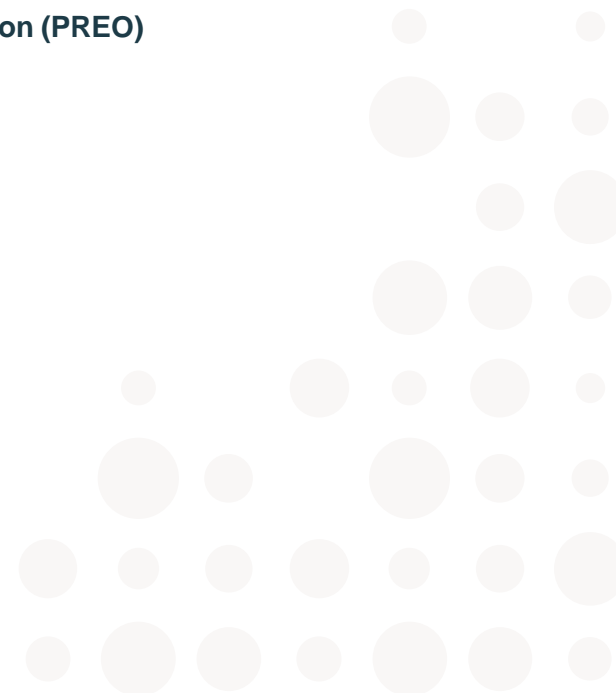
Two Topics Today...

1

The Post Retirement Employment Option (PREO)

2

The ESI SubSource Program



Topic 1: What is the PREO Program?



Allows employees to retire through their State pension, receive their pension check and immediately return-to-work in their same capacity. Employees increase current pay substantially by receiving two checks.

- AZ Statute 38-766.01 states: A. Notwithstanding section 38-766, at a retired members' election, a retired member may return to work and still be eligible to receive retirement benefits if all of the following requirements are satisfied: 1. The retired member has attained the member's normal retirement age; 2. The retired member terminated direct employment with an employer at least three hundred sixty-five consecutive days before returning to work.



Districts retain some of their most experienced employees hedging against the mass retirement exodus.

- 25% of current teachers are eligible to retire within the next three years (ADE Educator Retention and Recruitment Task Force)
- A higher percentage of inexperienced teachers in AZ classrooms impacts student achievement. (ADE Educator Retention and Recruitment Task Force)
- Lack of mentoring for new teachers is cited as a reason for teachers leaving the profession. (ADE Educator Retention and Recruitment Task Force)



Districts can set the program up as a win-win. Allowing for employees to increase their take home pay while the District realizes a savings.

- TUSD PREO plan offers a 73.5% program

PREO Cost Summary – '17/18

Wages Paid to PREO Employees by Job Classification

Job Classification	Gross Wages & ACR Fees
Administrators (19 Full-Time / 2 Part-Time / 21 Total)	\$1,255,194.21
Certified Employees (59 Full-Time / 86 Part-time / 145 Total)	+ \$3,213,383.08
Classified Employees (51 Full-Time / 94 Part-Time / 145 Total)	+ \$2,274,079.89
ESI Administration Fee (311 Total Employees)	+ \$184,752.05
Total Cost	\$6,927,409.23

PREO Program Savings

Item Description	
Salary Savings (26.5% salary reduction)	\$2,220,317.89
Benefit Savings (129 FT EE's x \$5,385 benefit cost)	+ \$694,665.00
ASRS Savings (ASRS contribution – ACR contribution)	+ \$336,722.50
Total Savings	\$3,251,705.39

Topic 2: The ESI SubSource Program

1

The Post Retirement Employment Option (PREO)

2

The ESI SubSource Program



Experience

- Employ more than **5,000** substitutes in '17/18
- Paid more than **180,000** sub days in '17/18
- Provide sub staffing for **more than 65 AZ public school district** clients in '18/19
- Experience with **multi-district consortiums**
 - West Valley Sub Pool
 - County Consortiums
- **Proven systems**
 - Online application and onboarding system
 - Fully-integrated payroll and invoicing system
 - Aesop user license
 - Employee portal

By The Numbers

60%

Percent of Top 10 largest AZ public school districts that outsource substitutes.

75

Approximate number of AZ public school districts that outsource substitutes in '17/18.

1 YEAR

The average student will spend a full school year with a substitute by the time they complete their K-12 career.

3,000

Approximate number of classrooms in AZ staffed by long-term or emergency certified teachers.
(ASPAA survey)

Our Solution



Program Workflow



Recruiting & Retention

Recruiting

- Dedicated Client Service Representative working with the district
- Job postings featured on national and local job boards, at local universities, and other media outlets
- Onsite job fairs
- Customized marketing materials that can be sent out within the school community
- National recruiting efforts for permanent classroom teachers (FlexTeach)

Retention

- Substitutes-of-the-Month and appreciation-based campaigns
- Incentive-based programs and contests
- Monthly outreach calls to gain feedback and to thank substitutes for their service in the district

By The Numbers

802

Number of active substitutes

365

Number of new substitute applicants interviewed (since 7/1/17)

340

Number of new substitutes hired (since 7/1/17)

97%

Percentage of active substitutes returning in '18/19

Tucson Area Rate Analysis – ‘17/18

District	Daily Rate	Long-Term Rate	Long-Term Requirement
Tucson USD	\$100	\$125	After 15 consecutive days; \$135 for hard-to-fill positions
Sunnyside USD	\$95	\$110 / \$125	After 20 days @ \$100; posted LT position @ \$125
Amphitheatre Public Schools	\$85	\$110	After 21 days
Marana USD	\$85	\$100	After 30 days
Catalina Foothills USD	\$85	\$95 / \$110	After 15 days @ \$95; then 16+ @ \$110; \$95 per day on Fridays
Flowing Wells USD	\$85	\$100 / \$130	After 10 days @ \$100; after 20 consecutive days @ \$130
Tanque Verde USD	\$84	N/A	
Vail USD	\$95	\$125	After 15 consecutive days

Human Resources Support



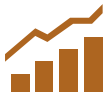
Employee Relations

Our Human Resources department manages any negative feedback received in the classroom. The HR team will contact each substitute to notify them of the feedback and will relay the school district's recommendation for how to proceed. We will also handle terminations, site block letters and unemployment claims.



Crisis Management

Should any major issues arise with a substitute teacher, our HR staff will provide crisis management, guidance and any necessary investigations to appropriately and efficiently resolve the situation.



Program Analytics

Data analysis is crucial to measuring the success of our substitute program. Because our substitute program is designed to increase fill rates, increase substitute retention and facilitate effective recruiting, we focus on key data components throughout the year. These include the number of days each substitute teacher is working in your district, long-term substitute position fill rates and the increase in active substitute teachers within the substitute pool for your district.



Compensation Consulting

We compare geographically similar substitute compensation schedules so you can appropriately assign daily and long-term rates to the ESI substitutes in your district. We also evaluate how any law or regulatory changes may impact substitute compensation.

Ongoing Professional Development

Achieve More with the Sanford Inspire Program

While a student's work ethic in the classroom is a key contributor to his or her success, the teacher's ability to inspire students plays an equally important role. Through our partnership with the **Sanford Inspire Program** of Arizona State University, we provide online training modules as a resource for our employees. It's a FREE series of online, on-demand modules designed specifically for teachers.



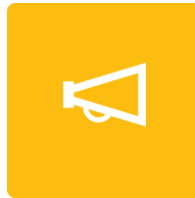
OVER 70 ONLINE MODULES FOR TRAINING IN:



Learning
Environment



Planning &
Delivery



Motivation

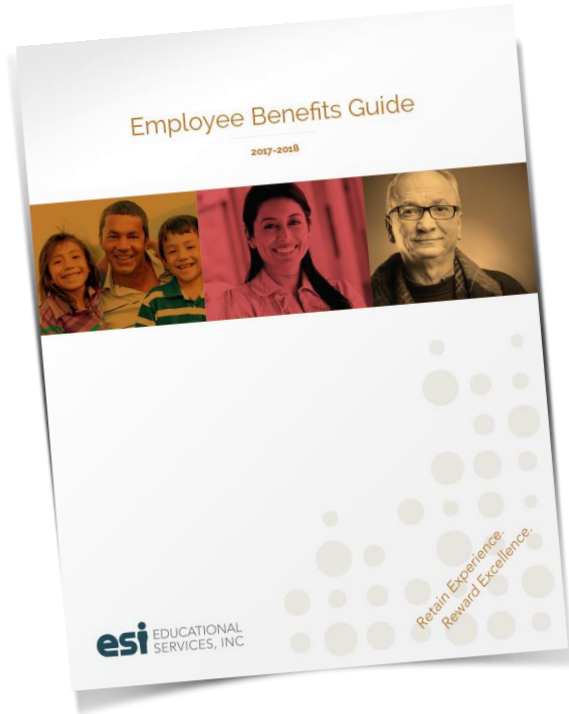


Student Growth
& Achievement



Professional
Practices

Competitive Employee Benefits



Educational Services, Inc. recognizes that when we invest in our employees, they'll likely invest in us. That's why we provide attractive fringe benefits that make our employees feel valued. In turn, we find that this promotes employee retention, loyalty, and job satisfaction. More importantly, it boosts employee morale and overall job performance.



ACCESS

Cigna Healthcare: Mayo Clinic & TMC in-network providers

HEALTH PLANS

1 Gold plan and 2 Silver plans (PPACA metallic actuarial value)

AFFORDABILITY

NEW low-cost plan effective September 1st: \$129 EE / \$277 FAM

WORK HOURS

900 work hour requirement (lowered from 1560 hours)
206 EE's qualified @ 900 hours vs. 2 EE's qualified @ 1560 hours

Retirement

ASRS Membership Criteria

- An employee becomes a member of ASRS when the employee is engaged to work at least 20 hours a week for at least 20 weeks in a fiscal year (A.R.S. 38-711((23)(b))). This is referred to the 20/20 criteria for membership.
- If an employee meets ASRS membership criteria, that employee becomes a member and the district must withhold and report contributions.
- Once an employee meets membership eligibility in a fiscal year, they remain an active member until the end of the fiscal year. If the terms of employment for the following fiscal year are not pre-determined, active membership ceases and would resume only if the employee meets the 20/20 criteria in the next fiscal year.

How is Eligibility Determined?

- “Daily” Substitutes – if there is not a clear intent that they will meet 20/20 for the year, the district should track the hours and weeks worked. If the employee does reach the 20th week of 20 hours or more, then the ASRS membership would begin from the beginning of the 20th week.
- “Long-Term” Substitutes – if there is a clear intent that the employee will meet 20/20 for the year during the long-term assignment, then the employee becomes an active member on day one of the employment.

Teacher Preparation Programs

ESI uses programs from these institutions to help teachers in continuing their education.



College of Education



PimaCommunityCollege



NYU | STEINHARDT



Employee Engagement

Employee Newsletter



ESI Stories Podcast



Sub of the Month



Employee Satisfaction

We asked our employees in an anonymous poll how we're doing. Here's what they said:



Employee Satisfaction with ESI



96%

Reported satisfaction with ESI's customer service



97%

Reported that their pay rate and time was accurate and paid timely



98%

Reported that their payroll questions were answered in a timely manner



93%

Reported that their perception of ESI has improved since their hire date.

Legislative Compliance

Are You **Protected** Against
New Legislation?



ACA Compliance

Assigning variable-hour employees to ESI transfers the PPACA liability away from the District and allows the substitutes to work as often as they want.

Proposition 206

Our program tracks the paid sick time benefit for each substitute employee, and our fees allow for all eligible sick time to be paid to substitutes without impacting the district.

Workers Compensation & Unemployment

The district is no longer affected by the Workers Compensation claims incurred by substitutes, and it is not subject to the Unemployment benefit determinations.

Indemnification

The language in our Client Service Agreement protects our staffing partners from any fines, assessments and penalties related to ACA and other legislative initiatives.

SubSource Projected Cost Summary – '17/18

ESI SubSource

POSITION TYPE	DAYS WORKED	GROSS WAGES	ESI ADMIN FEE	ASRS 20/20 CONTRIBUTIONS	PROP 206 LIABILITY	HEALTH BENEFIT COST	TOTAL
Long-Term	12,010.14	\$1,562,200.71	\$156,220.07	N/A	\$0.00	\$0.00	\$1,718,420.79
Short-Term	41,546.14	\$4,163,212.86	\$416,321.29	N/A	\$0.00	\$0.00	\$4,579,534.14
Grand Total	53,556.29	\$5,725,413.57	\$572,541.36	N/A	Included in Fee	Included in Fee	\$6,297,954.93

TUSD In-House

POSITION TYPE	DAYS WORKED	GROSS WAGES	ESI ADMIN FEE	ESTIMATED ASRS 20/20 CONTRIBUTIONS	PROP 206 LIABILITY	ESTIMATED HEALTH BENEFIT COST (206 ELIGIBLE EE @ \$5,385.00)	TOTAL
Long-Term	12,010.14	\$1,562,200.71	N/A	\$150,642.79			\$1,712,843.50
Short-Term	41,546.14	\$4,163,212.86	N/A	\$9,482.57			\$4,172,695.43
Grand Total	53,556.29	\$5,725,413.57	N/A	\$160,125.36	\$244,892.40	\$1,109,310.00	\$7,239,741.34
Difference*	\$941,786.41						

*Difference does not include soft costs:

- Increased staff in substitute department
- Employee relations and recruiting
- Additional Workers' Compensation and Unemployment claims

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