

# Sub Contract Option Presentation

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Executive Director, Human Resources*



- \*Staffing Request
- \*Tiered levels of service
- \*Sub required roles and responsibilities
- \*Insurance
- \*Decline in sub costs over the last few years
- \*How subs are handled in other districts
- \*Required Purchasing Approval of Contract

# Specific Staffing Request Managing Subs In-House

Once Phase I is completed and all subs have been onboarded with TUSD, we will need a plan in place to manage and support both the sub pool and our sites. This will require 2.6 FTE (1.6 additional from M&O) to staff the sub office:

HR Analyst

HR Associate (new fte 1)

HR Assistant (New FTE.6)

HR Benefit Associate (Trust Board new FTE.4)

## Sub In House Hiring

- ▶ Long term staffing for the sub office would require an additional 1.6 FTE to the HR budget. This will staff the sub office with two full time employees (one analyst and one associate) and provide .6 administrative support (assistant). We will also be asking the Employee Benefits Trust Board to finance .4 FTE in the Benefits office to manage the tracking and reporting of variable hour employees. Duties for these staff members are listed in the Phase II document.
- ▶ Short term (6-8 months) staffing to get 700-800 subs hired, on-boarded, entered into our systems, will require a team of 4 full time temps in addition to the 1.6.

# Tiered Sub Pay System

TUSD currently offers a tiered pay system that is higher than neighboring districts.

- ▶ A substitute's daily rate of pay shall be \$100 daily for the first 20 days of service.
- ▶ \*At day 21, a substitute's pay will be set at \$125 daily for the remainder of the assignment.
- ▶ \*At day 21, if a substitute is serving in one of the district's hard to fill assignments, a substitute's daily rate will be set at \$135 daily for the remainder of the assignment.
- ▶ \*If the teacher is an appropriately certified Special Education teacher (as defined by having current k-12 Special Education Certification/ endorsement) (EXED), at day 21, the substitute's pay will be set at \$165 daily.

## Recommended tiered pay system

- ✓ \$100.00 - Daily Sub Rate
- ✓ \$125.00 - after 15 days in the same job
- ✓ \$135.00 - daily rate for L25 schools from 1<sup>st</sup> day
- ✓ \$150.00 - proposed daily rate for Full Time "District Sub"
- ✓ \$165.00 - daily rate for appropriately certified Special Ed Teacher from 1<sup>st</sup> day

# Sample of Contract

- We will be working with the subs and using their feedback to aid in drafting the contract.

This Contract shall be for employment in a **Permanent Substitute** Position. As a Permanent Substitute I agree to substitute in any grade(s) or subject(s) as assigned by the Governing Board or its Administrators and to faithfully perform all duties assigned in accordance with the law, TUSD Governing Board Policies, and administrative regulations. I understand that a Permanent Substitute is considered a full time position, with assignments provided each day that school is in session as well as on periodic grading or professional days.

The Tucson Unified School District, for the 2018-2019 school year, agrees to perform faithfully all duties assigned according to law and the rules legally established for the government and operation of the schools. Failure to meet stated requirements could constitute grounds for dismissal, subject to all statutory and District regulations governing dismissals.

The District and the Employee mutually agree that this contract is subject to termination by the Board for good cause, including but not limited to the Employee's ethical, moral, or professional misconduct, evident unfitness to perform assigned duties, insubordination, inadequate performance of duties, and/or violation by the Employee of any of the terms of this Contract or any Board policy.

This contract is expressly conditioned on the Employee holding and maintaining during the entire term of this Contract, appropriate certification and a valid fingerprint card issued pursuant to A.R.S. §41-1758 and 15-534, as required.

Annual Salary: In consideration of said services, satisfactorily performed, the Governing Board, on behalf of the School District, agrees to pay the above named individual an amount of \$150 per day with recognition that as a Permanent Substitute there may be occasions requiring the presence of the Permanent Substitute outside of the regular duty hours and for which the Permanent Substitute will receive no additional compensation.

The Permanent Substitute shall be entitled to receive the same insurance benefits provided by the District to Certificated Teachers and sick leave days as appropriated through AZ Proposition 206.

Notwithstanding anything to the contrary in this Contract, Employee acknowledges and agrees that Employee is being employed under this Contract for the 2018- 2019 school year. In addition to those conditions set forth above, Employee acknowledges and agrees that: a) Employee's employment is for the 2018-2019 school year only; b) that Employee has no expectation of or right to continued employment beyond this school year; and c) that Employee's employment is not subject to the statutory requirements of A.R.S. §§15-536, 15-538, 15-538.01 and 15-539 through 15-543 relating to offers of contract, non-renewal and dismissal.

This Contract contains the entire agreement between the parties and any prior or contemporaneous agreements, whether written or oral, are voided by execution of this Contract. Any subsequent amendment or addendum to this Contract must be in writing and be signed by both parties. This Contract and any subsequent amendment, revision, or addendum to this Contract is subject to all applicable State and Federal statutes. In any legal action brought to enforce the terms of this Contract, or to terminate the Contract, the prevailing party shall be entitled to an award of attorneys' fees.

I hereby accept this agreement subject to the provisions listed above. I understand that failure to electronically accept this contract within fifteen (15) days of its issuance will void this offer of employment.

# Insurance Considerations

- ▶ Changing the relationship with the current substitute teacher pool can provide a few challenges and cost when it comes to benefits.
- ▶ Following are three options discussed in handling this transition.
- ▶ A recommendation for option 1 would have less long-term compliance concerns and easier administration.
- ▶ Other consideration with ASRS and benefits other than medical were not evaluated in this review.

# Insurance FAQ

- ❑ If subs come back to TUSD will they be eligible for TUSD insurance?
  - ✓ Substitute Teachers are considered variable hour employees under the ACA guidelines. TUSD measures all variable hour employees for 12 months to determine eligibility. If the employee has worked enough hours during the 12- month measurement period to be eligible, an offer of coverage is extended to the employee
  - ✓ TUSD has between 1400-1800 variable hour employees depending on the time of year not including subs



# Bring Sub Pool Under the Current Variable Hour Definition

- ▶ Consideration

*\*Determine with internal counsel if there is a Co-employment relationship with this pool*

- ▶ The Substitute Teachers would start a new measurement period effective 1/1/2019 for 12 months (If not in a Co-employment Relationship)
- ▶ 150 to 200 of the expected 1,000 employees would work enough hour to become eligible in 2020
- ▶ from the 150 to 200 newly eligible employee's, 85 to 140 expected to elect one of TUSD's current plans
- ▶ When comparing the Sub pool to the current TUSD pool, there is an projected 15% higher claims cost from the demographic analysis
- ▶ No adjustment was made for adverse selection and unknown health condition

# Bring Sub Pool Under the Current Variable Hour Definition Cont.

- ▶ Projected Cost
  - ▶ Medical & RX Claims cost projection from demographic review only
    - ▶ \$526,046.53 to \$876,744.22
  - ▶ Admin Cost (utilized current admin and stop loss cost)
    - ▶ \$46,124.40 to \$75,969.60
  - ▶ Estimated Medical cost
    - ▶ \$572,170.93 to \$952,713.82

# Insurance FAQ's

- ❑ Can we offer subs the ability to buy the insurance at full cost then if they want?
  - ✓ We contract with our carriers to offer a group policy to our employees with eligibility guidelines, defined rates, and plan designs. Offering coverage outside of what is defined in our group contract would mean the contracts would need to be renegotiated.

# Secure a Fully Insurance Program for Sub Pool

- ▶ Consideration

- ▶ Fully Insured medical plans require 50% of the eligible population to enroll
- ▶ The expected Fully Insured rates would be priced considerably higher than TUSD's current arrangement because of their demographic mix
- ▶ Meeting the minimum requirements to secure a fully insured option would be difficult depending on TUSD contribution arrangement.

- ▶ Projected Cost

- ▶ TBD

# Insurance FAQ's

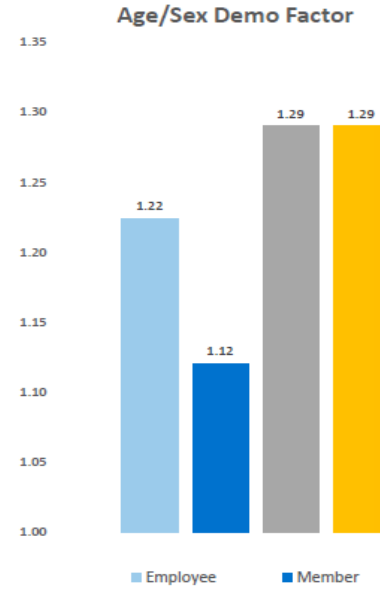
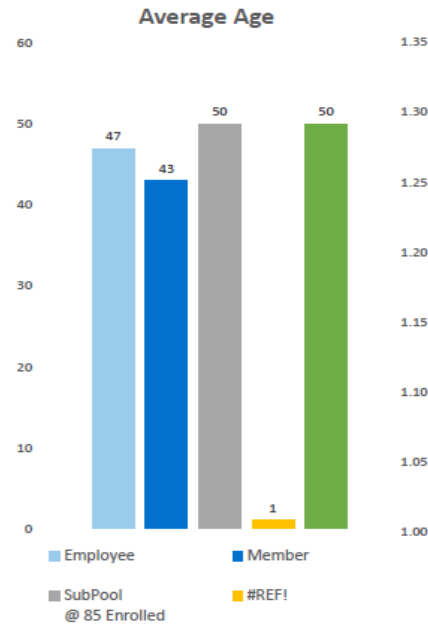
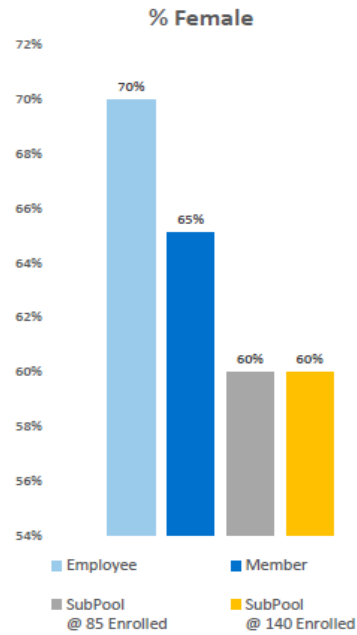
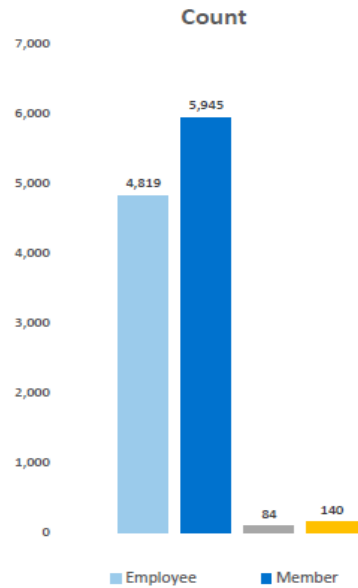
- ❑ Can we create a separate insurance plan for subs?
  - ✓ This would be a very large impact to the TUSD budget and to the TUSD medical plans. Further study would need to occur to identify how big the impact would be

# Class Out The Sub Pool Under The Self Funded Trust

- ▶ Consideration:
  - ▶ The Substitute Teachers would start a new measurement period effective 1/1/2019 for 12 months or a new eligibility definition would need to be implemented
  - ▶ 150 to 200 of the expected 1,000 employees would work enough hour to become eligible in 2020
  - ▶ from the 150 to 200 newly eligible employee's, 85 to 140 expected to elect one of TUSD's current plans
  - ▶ When comparing the Sub pool to the current TUSD pool, there is an projected 15% higher claims cost from the demographic analysis
  - ▶ No adjustment was made for adverse selection or unknown health condition
  - ▶ Setting up two distinctly separate plan docs and providing a Discrimination Test (Est cost \$1,000 to \$2,000)

# Class Out The Sub Pool Under The Self Funded Trust Cont.

- ▶ Projected Cost
  - ▶ Medical & RX Claims cost projection from demographic review only on current or similar plans
    - ▶ \$526,046.53 to \$876,744.22
  - ▶ Admin Cost
    - ▶ \$46,124.40 to \$75,969.60
  - ▶ Estimated Medical cost
    - ▶ \$572,170.93 to \$952,713.82



#### Tucson USD

| Year Tier                    | Employee | Member        | SubPool @ 85 Enrolled | SubPool @ 140 Enrolled |
|------------------------------|----------|---------------|-----------------------|------------------------|
| 2018-19                      |          |               |                       |                        |
| Count <sup>1</sup>           | 4,819    | 5,945         | 84                    | 140                    |
| Average Age                  | 47       | 43            | 50                    | 50                     |
| Oldest                       | 65+      | 65+           | 89                    | 89                     |
| Youngest                     | 19       | 1             | 27                    | 27                     |
| % Female                     | 70%      | 65%           | 60%                   | 60%                    |
| Age/Sex Demographic Factor   | 1.22     | 1.12          | 1.29                  | 1.29                   |
| PMPM UW Claims <sup>2</sup>  |          | \$ 453        | \$ 522                | \$ 522                 |
| Estimated Monthly Claims     |          | \$ 2,693,666  | \$ 43,837             | \$ 73,062.02           |
| Estimated Annual Claims Cost |          | \$ 32,323,996 | \$ 526,047            | \$ 876,744             |
| Adjusted Demo                |          | 1.00          | 1.15                  | 1.15                   |

1. Member count as of May 2018 and Census from TUSD

2. Per Member Per Month (PMPM) Underwriting (UW) Projection is adjusted for the 2018-19 plan changes



# TUSD Vacancies at first day of school.

| School Year | Tucson Unified Classroom Teacher Vacancies | Total Tucson Unified Classroom Teachers |
|-------------|--|---|
| 2013-2014   | 167  | 2308                                    |
| 2014-2015   | 153  | 2303                                    |
| 2015-2016   | 99   | 2321                                    |
| 2016-2017   | 94   | 2489                                    |
| 2017-2018   | 88   | 2548                                    |
| 2018-2019   | TBD  | 2630                                    |

# Overview of Substitute Staffing in surrounding districts

| Districts                 | Who Coordinates Staffing      | # of Subs | Benefits              | # of Schools |
|---------------------------|-------------------------------|-----------|-----------------------|--------------|
| Catalina Foothills        | ESI                           | 95        | ESI                   | 8            |
| Phoenix                   | ESI +1 Staff member           | N/A       | ESI                   | 14           |
| Rio Rico                  | ESI +1 Staff member           | 42-50     | ESI                   | 14           |
| Nogales                   | In-house                      | 100+      | Only Retired Teachers | 10           |
| Mesa                      | ESI + 2 Staff members         | 1000      | ESI                   | 86           |
| Sunnyside School District | Express Subs + 1 Staff member | 120       | Express               | 19           |

# Sub rates surrounding school districts

## ▶ *Nogales*

- ▶ At NUSD, They have 9 Long Term Substitutes (LTS). They pay LTS an hourly rate of \$20 per hour. A LTS is one who works for twenty (20) consecutive days in the same teaching assignment. They do have more than one level of sub pay; they pay Emergency substitutes \$12.50/hour; Standard substitutes \$13.75/hour; Certificated Subs (retired) \$15.00/hour; and LTS \$20/hour.

## ▶ *Catalina Foothills*

- ▶ CFSD pays \$85/day and \$95/day on Fridays and for special ed coverage. Their long-term rates kick in at day 16 (\$95/day) and then at day 31 (\$110/day). The sub has to be in the same assignment for consecutive days to qualify for the long-term rates.

## ▶ *Sunnyside*

- ▶ *SUSD they pay... Regular Sub = \$85/After 21 non-consecutive days as a regular sub = \$100/Long Term Sub 1 - 19 days = \$100/Long Term Sub 20+ days = \$125*

## ▶ *Amphi*

- ▶ *Salary for the First 20 Assignments of Substituting (per school year): Full Day - \$85.00/day    Half Day - \$42.50/day*
- ▶ *Salary after Completing 20 Assignments of Substituting (per school year): Full Day - \$110.00/day    Half Day - \$55.00/day*

## ▶ *Flowing Wells*

- ▶ At FW, They currently have 8 long-term subs, only 1 filling a vacant position (the others are filling for maternity leave or awaiting certification). They pay long-term subs \$130 per day. Regular sub rate is \$75, which goes to \$100 after 40 days of subbing each school year. FW teacher retirees who return to sub get \$100 a day from the first day.