

January 25, 2019 Negotiations Update

The District and the Forestville Teachers Association (“FTA”) met today for a 5th day of 2018-19 contract negotiations. The parties began negotiating for 2018-19 in April 2018.

The parties continued to have disagreement on several language issues, including the Complaint Procedure (Article 17), Retirement Benefits (Article 24), and Early Retirement (Article 25). The parties had previously entered into a one-year Memorandum of Understanding with regard to early release Thursdays, which expires at the end of the 2018-19 school year.

The parties continue to be far apart on compensation. At the negotiations meeting on December 17, 2018, FTA proposed a 33% salary increase, or the equivalent of approximately \$410,000 for a one-year deal. Based on the District’s finances, including the costs associated with the Middle School returning to the District in 2019-20 school year, the District offered a 0% salary increase over the already built in salary increase of step and column.

The District is a Basic Aid district, meaning that it does not benefit from the Local Control Funding Formula (“LCFF”) or the Cost of Living Adjustment (“COLA”). Instead, its revenues are based almost exclusively on property tax revenues, which are budgeted to increase approximately 2.0% per year. Due to the rapid increase in pension costs for the District – for teachers alone, rates have increased from 8.25% in 2013-2014 to 16.28% in 2018-19, and are projected to rise through 2020-21 – as well as funding teachers’ step and column increases every year, the property tax revenues year-to-year are almost entirely spent before accounting for salary increases for any other District staff. The result is that soon the district will be spending more than they receive and will have to use the Unrestricted Fund Balance – instead of revenue – to fund its ongoing obligations.

FTA’s salary proposal would result in the District deficit spending and possible insolvency (bankruptcy) in less than 5 years.

The District is required by law to keep a reserve for economic uncertainty of 5% of the budget. However, small districts (like Forestville) are advised by the non-partisan organization School Services of California to maintain a reserve of 15-20% in order to keep the doors open, lights on, and staff paid during times of fiscal crisis. The District’s current reserve level is approximately 15%, the minimum amount recommended by School Services for a district the size of Forestville. Even at 15%, the reserves only cover 2-3 months of District expenditures.

FTA’s salary proposal would result in total exhaustion of the District’s fund balance in 4-5 years.

Because the parties remain far apart on compensation and language issues, they have mutually declared impasse and will bring in a third-party mediator from the State for assistance in reaching an agreement.