



Philip Thornton, Ed.D., Superintendent
Warwick Public Schools
philip.thornton@warwickschools.org

Anthony Ferrucci
Executive Director, Finance & Operations

(401) 734-3030
Anthony.ferrucci@warwickschools.org

To: Philip Thornton, Ed. D. Superintendent
FROM: Anthony Ferrucci, Exe. Dir. of Finance & Operation
DATE: November 15, 2017
SUBJECT: WTU CONTRACT- 11/15/17 Tentative Agreement Economic Impact

At the School Committee meeting on Tuesday, November 14, 2017, by a vote of 5-0, the School Committee accepted a tentative agreement and an arbitrated decision subject to the Warwick Teacher's Union ratification of a labor contract. This document is an economic impact statement of the School Committee's decision. Outlined below is a review of the items noted in the TA and their potential financial impact on the school district over the proposed life of the agreement.

Attached is a chart which reflects the economic issues being impacted by the TA as of November 14, 2017. The period the TA is proposed to cover is 2017-18 through 2019-20.

SUMMARY ANALISYS

School	Year	FTEs	Local Fund	Grant Fund	Total
	Fy2018	896	\$ 4,888,496	\$ 0	\$ 4,888,496
	Fy2019	904	\$ 3,922,564	\$ 126,716	\$ 4,049,280
	Fy2020	904	<u>\$ 3,779,828</u>	<u>\$ 119,822</u>	<u>\$ 3,899,650</u>
	Three Year Total Economic Impact		\$12,590,888	\$ 246,538	\$12,837,426

In addition to the details that support the summary economic impact items noted above, the attached analysis provides for a cost decrease in Fy2018 due to breakage. For the Fy2019 and Fy2020 school years, increases for steps at the Fy2017 rates are noted. These items are anticipated to impact the demand on local funds that are not attributable to the negotiated contract. Fy2018 there is a reduction of \$250,000 and in Fy2019 and Fy2020 there are additional costs of \$642,501 and \$364,815 for step increases.

Future local funding needs would then be:

Fy2018: \$4,638,496
Fy2019: \$4,565,065
Fy2020: \$4,144,643

As always, I am available to answer any questions as they may relate to this economic impact analysis.

Respectfully Submitted,
Anthony Ferrucci
Executive Director of Finance & Operations

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TA Salary	Days Effective	Contract Days	% of Year Covered
2% Raise 01/25/17 to End of Year 06/30/17	91	181	50.3%
3% Raise 10/04/17 to End of Year 06/30/18	160	181	88.4%
3% Raise 09/01/18			
3% Raise 09/01/19			

Economic Impact of Tentative Agreement	FY18	FY19	FY20
Original ADOPTED Budget Salary	\$85,661,987	\$90,550,483	\$95,242,263
w/Tentative Agreement	\$90,550,483	\$94,599,762	\$99,141,913
Economic Impact of TA 10/21/17	\$4,888,496	\$4,049,280	\$3,899,650
Source of Funding			
Local	\$4,888,496	\$3,922,564	\$3,779,828
Grants		\$126,716	\$119,822
Subtotal-Tentative Agreement Increase	\$4,888,496	\$4,049,280	\$3,899,650
* Projected Future Step Increases @ Fy17 Rates	\$0	\$642,501	\$364,815
Breakage from FTE Budgeted Calculation	(\$250,000)		
Total Increased Funding Needed	\$4,638,496	\$4,691,780	\$4,264,465
TOTAL Local Funding Needed	\$4,638,496	\$4,565,065	\$4,144,643

* Projected Step Increases Local Funding Only-Local Funding Needed

Fy2018 SC Approved ORIGINAL Budget as of 07-11-17	General Fund		Grants		TOTAL	
	FTEs	\$\$	FTEs	\$\$	FTEs	\$\$
Salary	862.2	\$67,804,047	33.8	\$2,824,342	896.0	\$70,628,389
State Retirement Gen Fund 13.24% Grants 23.13%		\$8,977,256		\$653,270		\$9,630,526
FICA/FED MED	862.2	\$5,187,010	33.8	\$216,062	896.0	\$5,403,072
TOTAL in FY2018 ORIGINAL Budget	862.2	\$81,968,312	33.8	\$3,693,674	896.0	\$85,661,987

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FY2018 PROJECTED ECONOMIC IMPACT		General Fund		Grants		TOTAL	
Tentative Agreement 10/21/17		FTEs	\$\$	FTEs	\$\$	FTEs	PROPOSED COST
<i>Salary with Rate Increase</i>	4.7% Effective Incr	862.2	\$70,992,349	33.8	\$2,957,149.03	896.0	\$73,949,498
Current Fy2018 Salary			(\$67,804,047)		(\$2,824,342)		(\$70,628,389)
Salary Increase Due to Proposal			\$3,188,302		\$132,807		\$3,321,109
Retro Payment-03/01/17 to 06/30/17			\$681,769				
Grants-Unsupportable Payraise			\$173,685		(\$173,685)		\$0
State Retirement Gen Fund 13.24% Grants 23.13%			\$535,393		\$30,718		\$566,111
FICA/FED MED			\$309,347		\$10,160		\$319,507
ECONOMIC IMPACT IN FY2018			\$4,888,496		\$0		\$4,888,496
TOTAL FY2018		862.2	\$86,856,808	33.8	\$3,693,675	896.0	\$90,550,483

FY2019 PROJECTED ECONOMIC IMPACT		General Fund		Grants		TOTAL	
Tentative Agreement 10/21/17		FTEs	\$\$	FTEs	\$\$	FTEs	PROPOSED COST
<i>Salary with Rate Increase</i>	3.3% Effective Incr	862.2	\$73,849,920	33.8	\$3,054,041	896.0	\$76,903,961
Deduct Step Increase at Fy2017 Rates		79.4	(\$531,476)	0	\$0		(\$531,476)
Fy2018 Salary Budget			(\$70,992,349)		\$2,957,149		(\$68,035,200)
Salary Increase Due to Proposal			\$2,326,096		\$96,892		\$2,422,988
Salary Increase-Due to A-2 Longevity			\$98,642				\$98,642
Salary Increase-Sch B1 & B2 Other Stipends			\$70,000				\$70,000
Teaching Staff-Meet 30% Special Education Scheduling- 8 FTEs			\$750,000				\$750,000
State Retirement Gen Fund 13.24% Grants 23.13%			\$429,603		\$22,411		\$452,015
FICA/FED MED			\$248,222		\$7,412		\$255,635
ECONOMIC IMPACT IN FY2019			\$3,922,564		\$126,716		\$4,049,280
FOR TOTAL BUDGET CALC: Add Step Increase at Fy2017 Rates w Fringe			\$642,501		\$0		\$642,501
TOTAL FY2019		862.2	\$91,421,873	33.8	\$3,820,390	896.0	\$95,242,263

FY2020 PROJECTED ECONOMIC IMPACT		General Fund		Grants		TOTAL	
Tentative Agreement 10/21/17		FTEs	\$\$	FTEs	\$\$	FTEs	PROPOSED COST
<i>Salary with Rate Increase</i>	3.0% Increase	870.2	\$77,092,855	33.8	\$3,145,663	904.0	\$80,238,518
Deduct Step Increase at Fy2017 Rates		66.4	(\$301,775)	0	\$0		(\$301,775)
Deduct Fy2019 Salary Budget			(\$73,849,920)		(\$3,054,041)		(\$76,903,961)
Salary Increase Due to Proposal			\$2,941,161		\$91,621.24		\$3,032,782
Salary Increase-Due to A-2 Longevity			\$108,507				\$108,507
Salary Increase-Sch B1 & B2 Other Stipends			\$77,000				\$77,000
State Retirement Gen Fund 13.24% Grants 23.13%			\$413,971		\$21,192		\$435,163
FICA/FED MED			\$239,190		\$7,009		\$246,199
ECONOMIC IMPACT IN FY2020			\$3,779,828		\$119,822		\$3,899,650
FOR TOTAL BUDGET CALC: Add Step Increase at Fy2017 Rates w Fringe			\$364,815		\$0		\$364,815
TOTAL FY2020		870.2	\$95,566,516	33.8	\$3,940,213	904.0	\$99,506,729