

Buffalo Fiscal Stability Authority

Analysis of the Tentative Collective Bargaining Agreement between the Buffalo City School District and the American Federation of State, County & Municipal Employees, Local 264, AFL-CIO (Food Service)

Introduction

The Buffalo City School District (the District) has reached a tentative collective bargaining agreement (CBA) with the American Federation of State, County & Municipal Employees, Local 264, AFL-CIO (Food Service) union, representing the Food Service Workers (cooks, prepack leaders, and food service helpers).

The Food Service Workers work the regular, ten-month food service program offered during the regular school year. The Summer Food Service Workers work the two-month summer food service program. Many of the Summer Food Service Workers also work the regular Food Service Program. The CBA covers the employees of the regular food service program and agrees to extend the terms of the summer food service Memorandum of Understanding (MOU) for one additional year to expire on June 30, 2019. The terms of the MOU including wages are unchanged. There are no new costs or savings associated with extending the MOU’s terms by one year.

The Buffalo Board of Education is anticipated to review the CBA on June 20, 2018, following the review and recommendations issued by the Buffalo Fiscal Stability Authority. The CBA would become effective on the Monday following the final ratification and would replace the previous CBA that expired June 30, 2017.

Summary of Key Contract Provisions

Wage Increases

The CBA does not include any retroactive payments for current employees. The contract provides for wage increase as follows:

- Monday after final ratification (anticipated to be June 25, 2018): 3.5%
- July 1, 2018 through July 1, 2021: 3.0% annually

The wage steps for food service helpers and cooks would be increased to the following hourly rates:

Food Service Helpers						Cooks					
Steps	2017-18	2018-19	2019-20	2020-21	2021-22	Steps	2017-18	2018-19	2019-20	2020-21	2021-22
#	\$					#	\$				
1	11.56	11.91	12.27	12.63	13.01	1	13.94	14.36	14.79	15.23	15.69
2	12.15	12.52	12.89	13.28	13.68	2	14.36	14.79	15.23	15.69	16.16
3	12.79	13.18	13.57	13.98	14.40	3	14.77	15.21	15.67	16.14	16.62
4	13.42	13.83	14.24	14.67	15.11	4	15.44	15.91	16.38	16.87	17.38

(1) NYS Minimum Wage = \$10.40/hour (2018); \$11.40/hour (2019); \$11.80/hour (2020); \$12.50/hour (2021); \$15.00/hour (2022 - \$15.00/hour is targeted but ultimately the rate will be determined by the New York State Division of Labor)

(2) City of Buffalo Living Wage = \$11.79/hour (2018) with healthcare benefits and \$13.24/hour (2018) without healthcare benefits

The additional wage increases and provisions are included as follows:

- Any employee that works over 40 hours per week and/or over eight hours per day will be compensated at time and a half.
- Assignments for afterschool and Saturday work will be offered based on school-level seniority.
- Prepack Leader hourly stipends will increase \$0.25 per hour upon ratification from \$1.00/hour to \$1.25/hour. Stipends will increase to \$1.50/hour on July 1, 2019 and to \$2.00/hour on July 1, 2021.
- The attendance incentive is proposed to increase from \$50 per quarter to \$75 per quarter.
- Current and active employees receive an additional, one-time payment of \$100 to be paid within 60 days following the ratification of the CBA.
- As noted, the current terms of the summer food service MOU will be extended for one additional year and expire on July 30, 2019 with all terms including wages unchanged.

Other Notable Contract Clauses

Other changes in clauses associated with the CBA for Food Service Workers are as follows:

- The District and the Food Service Workers agree to add Labor Day to the list of the holidays subject to the terms and conditions of the CBA, including the obligation to work the day before and after the holiday to receive compensation for the holiday. Employees may receive up to nine paid holidays annually.
- The District agrees to purchase uniforms and shoes for the employees for the duration of the CBA and shall have the right to require that individuals wear legally compliant footwear. The District will provide an additional \$100 for a total of \$350 per year to purchase compliant footwear to be paid at the beginning of the school year.
- The CBA amends the Discipline Policy by reducing an employee's unpaid days of suspension for a second and third violation of the attendance policy by two days. The "last chance agreement" wherein an employee may be discharged following a fourth unexcused absence is proposed to increase from an eighteen-month probationary period to a twenty-four-month probationary period.
- Food Service Workers shall have the right to have a representative present at the end of hiring and orientation meetings to briefly address the new employee(s) to last no more than five minutes.
- Permanent employees with less than five years of District service receive five paid days a year, an increase of two paid days per year. Permanent employees who have five or more years of District service receive six paid days off annually. The CBA changes the term "personal leave" to "paid days off."
- Within ten days of ratification of the CBA, the Food Service Workers agree to withdraw all pending grievances, including those that are pending arbitration.

Contract Changes Unaffected by the Execution of the CBA

Certain terms of the CBA have remained unchanged. Notable terms are as follows:

- Emergency Closings – Employees receive paid snow or other emergency closure days without limit.
- Bereavement Leave – Employees receive up to five days of leave for the death of a spouse or member of the immediate family.
- Longevity Payments – Employees with 10-14 years of service with the District receive an annual longevity payment of \$150. Employees with 15-20 years of service receive an annual longevity increment of \$300. Employees with 20 or more years of service receive an annual longevity increment of \$450.
- Civil Service Leave – Employees are permitted paid leave on days that they are scheduled to work to take Civil Service exams.
- Health Insurance – Employees are eligible for District coverage if they paid 100% of the premium’s cost.

Financial Impact

CBA Net Cost in the 2018-19 Adopted Budget

The District estimates that approval of the CBA would have a net current fiscal year (CFY) cost in the Food Service Fund of an estimated \$55,521. The proposed CBA does not contain any cost-saving measures.

As the CBA would go into effect at the end of the 2018 school year, the net cost of wage increase in the CFY is de minimis. The District does not plan to amend the FY 2017-18 Adopted Food Service Budget (Adopted Budget) and plans to perform budgetary transfers to address the additional employee compensation expenditures, as needed.

CBA Costs over FY 2019-2022 Financial Plan

The District estimates that the terms of the proposed CBA would have a net cost of \$3,693,196 over the four years of the Financial Plan and a \$3,748,717 total net cost.

The following is a summary of the increased costs as estimated by the District:

Local 264 Food Service Workers CBA Incremental Costs Summary (Food Service Fund)							
FYE 06/30/2018 Base Salaries	\$6,107,754						
FYE 06/30/2018 Total Hours Worked	469,315						
Average Base Hourly Wage	\$13.01						
Total # of Employees	450						
Contract Increases:	2017-18	2018-19	2019-20	2020-21	2021-22	Impact on 4-Year Financial Plan	Total CBA Impact
Base Salary Increases	\$3,665	\$403,417	\$598,752	\$799,947	\$1,007,179	\$2,809,295	\$2,812,960
One-time Payment	45,000	0	0	0	0	0	45,000
Miscellaneous Increases	6,856	166,824	204,324	231,070	281,683	883,901	890,757
Total Contract Costs	\$55,521	\$570,241	\$803,076	\$1,031,017	\$1,288,862	\$3,693,196	\$3,748,717
Total Contract Savings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Contract Cost	\$55,521	\$570,241	\$803,076	\$1,031,017	\$1,288,862	\$3,693,196	\$3,748,717

BFSA has reviewed the District’s cost analysis and has determined that it accurately estimates the net cost of the CBA.

Funding

The District adopted a FY 2018-19 Food Service Budget and FY 2019-2022 Financial Plan (Financial Plan) on April 25, 2018 as follows:

FY 2019-2022 Adopted Financial Plan Summary					
	2018-19 Adopted Budget	2019-20 Outyear 1	2020-21 Outyear 2	2021-22 Outyear 3	4-Year Totals
\$ in Millions					
Revenues	\$32.9	\$33.5	\$34.2	\$34.8	\$135.4
Expenditures	38.0	36.0	36.8	37.7	148.5
Surplus/(Deficit)	(5.1)	(2.5)	(2.6)	(2.9)	(13.1)
Total Fund Balance	5.1	2.5	2.6	2.9	13.1
Remaining Deficit	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

The District has proposed to modify both the Adopted Budget as well as the Financial Plan to: (1) recognize new revenues of \$928,838 in FY 2018-19 and a cumulative four-year increase in revenues of \$3,828,304; (2) recognize the new expenditures associated with approving the CBA.

The District intends to modify the Adopted Budget and Financial Plan to recognize new State and Federal Aid associated with the Child and Adult Care Food (CACFP) program. The District has expanded the extended learning time program over the last two years and provides lunches for the afternoon program under the New York State Education Department’s Afternoon Snack program, a federally assisted snack program operating in public, nonprofit private schools, and residential child care institutions. The program allows for a \$0.88 per meal reimbursement. Starting in the fall of 2018, the District will participate in an alternative program under which CACFP rules and regulations allow for a \$3.23 per meal reimbursement. This action is conservatively estimated to provide for an additional \$928,838 in revenues in FY 2018-19. A 2% projected annual growth has been assumed. Food Service revenues are anticipated to increase by \$985,690 in FY 2021-22 as a result of utilizing the CACFP meal reimbursement.

The District has proposed to modify the Adopted Budget and Financial Plan to recognize these anticipated new revenues and expenditures as follows:

FY 2019-2022 Modified Financial Plan Summary					
	2018-19 Adopted Budget	2019-20 Outyear 1	2020-21 Outyear 2	2021-22 Outyear 3	4-Year Totals
\$ in Millions					
Revenues	\$33.8	\$34.5	\$35.2	\$35.8	\$139.3
Expenditures	38.5	36.7	37.6	38.5	151.3
Surplus/(Deficit)	(4.7)	(2.2)	(2.4)	(2.7)	(12.0)
Total Fund Balance	4.7	2.2	2.4	2.7	12.0
Remaining Deficit	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

The Modified Financial Plan includes additional revenues that exceed the additional expenditures projected from settling the CBA with the Food Service Workers. The funding for the CBA is fund balance. As noted, the Modified Financial Plan includes a reduction in the total appropriation of fund balance as a result of recognizing the new revenue, net of the incremental expenditures.

Conclusions

The CBA expires on June 30, 2022, at the end of the Financial Plan. The Food Service Workers are dissimilar from other District collective bargaining units in that they are part-time employees who do not receive compensation other than wages and contributions into the New York State Retirement System.

The CBA does not contain any cost-saving measures. The annual increases in employee compensation and benefits are more than offset by the recognition of new, unrelated revenues.

The District intends to modify both the Adopted Budget and the Financial Plan to recognize new revenues and expenditures. The Financial Plan appropriates fund balance in each of the four fiscal years of the Financial Plan. The net impact of the new revenues and expenditures is a reduction in the individual budgetary gaps and subsequently the reliance on fund balance.

Buffalo City School District Collective Bargaining Agreement with AFSCME Local 264, AFL-CIO Food Service Workers - Comparison of Key Contract Provisions

CBA Clause	Previous CBA	New CBA
Employees Covered	Cooks & Food Service Helpers	
Period Covered	July 1, 2014 through June 30, 2017	July 1, 2017 through June 30, 2022
# of Steps	2 grades with 4 salary steps	No Change
Salaries/Wages	<p><u>Food Service Helpers (hourly wages)</u></p> <p><u>Effective</u> <u>7/1/16</u></p> <p>Step 1 \$11.17</p> <p>Step 2 11.74</p> <p>Step 3 12.36</p> <p>Step 4 12.97</p> <p><u>Cooks (hourly wages)</u></p> <p><u>Effective</u> <u>7/1/16</u></p> <p>Step 1 \$13.47</p> <p>Step 2 13.87</p> <p>Step 3 14.92</p> <p>Step 4 14.92</p> <p><u>Pre-Pack Leaders (hourly rate plus)</u></p> <p><u>Effective</u> <u>7/1/16</u></p> <p> \$1.00</p>	<p><u>Food Service Helpers (hourly wages)</u></p> <p><u>Effective</u> <u>7/1/17</u> <u>7/1/18</u> <u>7/1/19</u> <u>7/1/20</u> <u>7/1/21</u></p> <p>Step 1 \$11.56 \$11.91 \$12.27 \$12.63 \$13.01</p> <p>Step 2 12.15 12.52 12.89 13.28 13.68</p> <p>Step 3 12.79 13.18 13.57 13.98 14.40</p> <p>Step 4 13.42 13.83 14.24 14.67 15.11</p> <p><u>Cooks (hourly wages)</u></p> <p><u>Effective</u> <u>7/1/17</u> <u>7/1/18</u> <u>7/1/19</u> <u>7/1/20</u> <u>7/1/21</u></p> <p>Step 1 \$13.94 \$14.36 \$14.79 \$15.23 \$15.69</p> <p>Step 2 14.36 14.79 15.23 15.69 16.16</p> <p>Step 3 14.77 15.21 15.67 16.14 16.62</p> <p>Step 4 15.44 15.91 16.38 16.87 17.38</p> <p><u>Pre-Pack Leaders (hourly rate plus)</u></p> <p><u>Effective</u> <u>7/1/17</u> <u>7/1/18</u> <u>7/1/19</u> <u>7/1/20</u> <u>7/1/21</u></p> <p> \$1.25 \$1.25 \$1.50 \$1.50 \$2.00</p>
Bereavement	<p>Up to 5 days leave for death in the immediate family.</p> <hr/> <p>One day of leave for death of a relative or friend.</p>	No Changes

CBA Clause	Previous CBA	New CBA
Emergency & Special Closings	Employees who work the days before and after an emergency closing receive regular pay for the day the school was closed.	No Change
Health Insurance – Active Employees	Employees may participate in a health insurance plan of their choosing if paying 100% of the premium.	No Change
Health Insurance – Retired Employees	N/A	N/A
Holidays	<p>8 paid holidays</p> <hr/> <p>Employees receive holiday pay if they have worked a scheduled workday immediately preceding the holiday and the scheduled workday immediately following the holiday.</p>	<p>9 paid holidays</p> <hr/> <p>No Change</p>
Longevity Payments	<p>10-14 years = \$150</p> <p>15-19 years = \$300</p> <p>20+ years = \$450</p>	No Change
Overtime	N/A	Any employee that works over 40 hours per week and/or over eight hours per day will be compensated at time and a half.

CBA Clause	Previous CBA	New CBA
Pay for Out-of-Title Work	Food Service Helpers assigned to perform the duties of a School Lunch Cook for a period in excess of 1 day receive a rate of pay of a School Lunch Cook for all days beyond the first day.	No Change
Perfect Attendance Incentive	The school year is divided into four, 45-day periods, as practicable. Employees who complete a period without an unexcused absence (excluding Personal Leave, Bereavement Leave, and Jury Duty) receive a payment of \$50.	The school year is divided into four, 45-day periods, as practicable. Employees who complete a period without an unexcused absence (excluding Personal Leave, Bereavement Leave, and Jury Duty) receive a payment of \$75.
Paid Days Off (Previously Personal Leave)	1-4 years = 3 days annually 5+ years = 4 days annually	1-4 years = 5 days annually 5+ years = 6 days annually
Schedule	Hourly work as assigned by the Director of Food Service	No Change
Sick Leave	Unpaid leave	No Change
Uniform/Shoe Allowance	\$250 annually	\$350 annually
Work Year	Standard school year. Employees may participate in the Summer Food Service program as well.	No Change