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July 18, 2011

Dr. James Monaco
Superintendent
Aubrey ISD
415 Tisdell Lane
Aubrey, TX 76227

RE: Compensation Planning for 2011-12

Dear Dr. Monaco:

We are providing you with the proposed compensation plan for Aubrey ISD for the 2011–12 school year. As you and the board of trustees are fully aware, this has been far from a typical year for budget planning. The proposed plan assumes that there is no general pay increase this year and that salaries are frozen. It is still too early to measure, but a significant number of districts in the state are planning to freeze salaries. Aubrey ISD is not alone.

The salary ranges for the administrative/professional, clerical/paraprofessional, and auxiliary job groups should remain at the same level as for the 2010–11 school year. Salaries for individual classroom teachers are also frozen at their current levels as well. A new teacher hiring guide is provided to ensure newly hired AISD teachers do not earn more than their counterparts currently working for the district.

In addition to freezing salaries, the data the district provided this year shows a reduction of eight positions, further helping to control costs and absorb reductions in funding levels.

Even though it may be prudent for the district to forego pay raises this year, careful review of the district's market position will be warranted in the coming year or two. Districts will begin to adjust employee pay, add stipends or update their compensation plans at different rates over the next few years. Those activities will be tougher to predict so keeping an eye on where things stand, for critical jobs in particular, will be important.

Unfortunately, TRS ActiveCare health insurance premiums are increasing for 2011–12. That means that some employees may see a reduction in take-home pay related to increased health insurance costs. For example, the monthly premium for ActiveCare2 employee-only coverage is increasing by \$456, or \$38 per month. The family coverage plan is increasing by \$1,128, or \$94 per month.

Some districts, but not all, are attempting to mitigate this for employees by granting a small increase, increasing district contributions or making other payments. In your compensation plan documents, I have drafted language that should allow the district to consider a one-time payment for employees later in the year. An amount equivalent to \$40 to \$75 per month of contract or duty assignment length would cost the district approximately between \$86,000 and \$161,000, accounting for some part-time personnel receiving a reduced amount.

It is important to review your local policies regarding mid-year payments to contract employees (DEA Local). If Aubrey does make a one-time payment to employees this year, you may want to consider limiting the payment to employees who were employed by AISD on or before October 1, 2011 or some other date before the payment is made. In addition to those, some other things to note are:

- All taxes apply.
- The payments must be preapproved with the annual budget as part of the district's compensation plan and some notice of its purpose and expected payout time.
- For nonexempt employees, any overtime worked during the year will have to include the rate adjusted by the lump sum increase.
- Clearly communicate that the payment is one time only for this year and may not be repeated in future years.

If you have any questions or need more information, please contact me. TASB HR Services is pleased to continue supporting Aubrey ISD's efforts at effectively managing its employee compensation plan and hope to continue our partnership.

Sincerely,



Mary Elizabeth Barrett
Asst. Director, Compensation Services
TASB HR Services

CC: Guillermo Martinez, TASB HR Services