



2012-2013 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT

PAY PRACTICES IN ALUM ROCK UNION ELEMENTARY SCHOOL DISTRICT

Introduction

The Santa Clara County Grand Jury (Grand Jury) received a complaint regarding pay practices in Alum Rock Union Elementary School District. The complaint alleged that “longevity point” pay increments were improperly awarded to management employees. This report focuses on compensation practices related to the application of “longevity points,” which came to the attention of the Grand Jury in the course of its investigation.

Background

Alum Rock Union Elementary School District (District) is a K-8th grade school district in San Jose with 27 schools within its boundaries.¹ The District has approximately 12,539 students.² There are four employee groups:

- AREA (Alum Rock Educators Association) represents teachers
- Teamsters’ union—represents bus drivers, custodians, grounds keepers, and trades
- CSEA (California School Employees Association) represents clerical workers, office workers, aides, library staff and food service employees
- Management—principals, deans, assistant directors up to superintendent.³

Three groups are represented by different bargaining units, each with their own Collective Bargaining Agreement (CBA). Management employees are not covered by a collective bargaining agreement. The management staff consists of 98 employees.⁴ The teaching staff consists of 661 teachers.⁵

¹2012-2013 ARUSD Student/Parent Handbook.

²<http://alumr.schoolwisepress.com/home/?2025Nav=|&NodeID=67>

³Interviews with District officials

⁴<http://www.arusd.org/20251061512147220/site/default.asp>

⁵<http://districts.teachade.com/l/1126/Alum-Rock-Union-Elementary>

The 2011-2014 Collective Bargaining Agreement between the District and the Alum Rock Educators Association (AREA)⁶, which represents the teachers, recognizes professional experience and training as a basis for teacher compensation, and reflects this in its pay schedules. The number of years of teaching experience is one of the factors which determine a newly hired teacher's salary. The CBA also awards teachers an additional pay increase when they reach time-on-job milestones within the District, called "longevity points," at 15, 20, and 25 year increments. This is outlined in section 16.3.3 of the CBA as "Career Increments."⁷ The terms "career increments," and "longevity points" are used interchangeably by the District.

The District also uses the same terms and similar formulas in the teachers' CBA in the determination of the pay scales of management employees.⁸ The District, however, does not follow the formula written in the CBA or as it otherwise appears in other pay scales.⁹

Methodology

The Grand Jury interviewed:

- management employees
- teachers' union employees
- elected officials

The Grand Jury reviewed:

- salary schedules
- board policies
- job descriptions
- correspondence relating to the longevity issue
- agreements pertaining to the longevity issue
- accounting ledgers

In addition, the Grand Jury visited the District offices.

⁶ Represented to the Grand Jury that this agreement was signed by both parties

⁷2008-2011 Collective Bargaining Agreement between Alum Rock Union Elementary School District and the Alum Rock Educators Association CTA/NEA

⁸ April 19, 2012 Memo from ARUSD Superintendent with accompanying payroll data

⁹ IBID, Page 1 of memo

Discussion

Based upon a complaint, the Grand Jury investigated alleged irregularities in pay to management. Initially this investigation focused on whether management employees had received “longevity points,” compensation to which they were not entitled. As the investigation progressed, “longevity points” and compensation for AREA members was also addressed.

“Longevity Points” for Teachers

Compensation rules for teachers in the District are established in a CBA between the District and the Alum Rock Educators Association (AREA). The CBA spells out a clear definition of “longevity points,” which award teachers a pay increase at 15, 20, and 25 years for “service to the District.”¹⁰ For example, a teacher hired by the District with 15 years of teaching experience from another district would be paid at a 15-year “pay step.” If that same teacher had worked in the District for the same 15 years that teacher would be paid at the same 15-year pay step and given an additional Increase called a “longevity point,” because they had also reached a 15-year milestone within the District.

In practice, the District is paying more than the compensation agreed upon for teachers in the CBA. It is paying teachers “longevity point” compensation based upon all of their years of teaching, whether those years are in-district or out-of-district. Acknowledgement of this fact is outlined in detailed memos from the District Superintendent.¹¹

The Grand Jury investigated why the District’s pay practice is more generous than specified in its CBA with AREA and under what authority the District deviated from the CBA compensation criteria. During the investigation, the Grand Jury questioned and sought documentation on this matter, but the District was unable to produce documentation that authorized a compensation practice that exceeded the CBA requirements. A review of the salary compensation documents provided by the District, and a memorandum from the District Superintendent, indicate that overpayments have been made since 1996. Those documents further confirm that the District acknowledges that it granted premature “longevity points.” This compensation practice of overpayment above and beyond the requirements contained in the CBA has continued despite several generations of negotiated CBAs including 1998, 2005, and 2008 reaffirming the in-district requirements for “longevity points.” Thus, the payments in excess of that negotiated in the CBAs which have been paid by the District over a period of many years totals to a sizeable amount of District funds.

¹⁰2008-2011 Collective Bargaining Agreement between Alum Rock Union Elementary School District and the Alum Rock Educators Association CTA/NEA.

¹¹ IBID, Page 1 of memo.

“Longevity Point” Pay to Management

The District’s management staff is not covered by a CBA. The District applies a similar formula to the teachers’ CBA as the model for their “longevity points” compensation.¹² District management salary schedules contain a footnote at the bottom of each salary schedule identifying the dollar amount of the “longevity points” and the number of years needed to earn it.¹³ District officials represented that they have discretion in how they compensate their management personnel. The documents reviewed and the information obtained during interviews showed the “longevity point” formula for teachers and management to be very similar by using similar formulas, definitions, and terms, although these factors are not contained in a contractual agreement like the teachers’ CBA.¹⁴

The District’s pay to management exceeds the published pay schedules because the District, in practice, counts years of service outside of the District as credit towards “longevity points” compensation for management employees.

Conclusions

In its investigation the Grand Jury determined that compensation rules contained in the CBA for AREA teachers and its compensation documents for management personnel are not being followed. The District has deviated from these formulas and compensates its teachers in excess of the requirements contained in the CBA. Documents and interviews indicated that management was intended to receive “longevity points” in the same manner as the teachers, but the “longevity points” are, in practice, awarded at the discretion of District officials. The District’s representation to the public, shown in its CBAs and salary schedules, does not reflect its actual practice.

¹² April 19, 2012 Memo from ARUSD Superintendent with accompanying payroll data

¹³ See pay schedules in appendix

¹⁴ April 19, 2012 memo and accompanying payroll information.

Findings and Recommendations

Finding 1

The District pays more in compensation than is required by its Collective Bargaining Agreement with Alum Rock Educators Association teachers' union by expanding the definition of "longevity points" to include out-of-district service.

Recommendation 1

The compensation practices of the District should be made to be consistent with the terms of its Collective Bargaining Agreements.

Finding 2

The District's definition of "longevity points," when applied to non-union employees, is ambiguous.

Recommendation 2a

The District's compensation documents for non-union employees should be clarified to define exactly what, how, and under what conditions compensation for "longevity points" is to be applied.

Recommendation 2b

The compensation practices of the District should be made to be consistent with the terms contained in its compensation documents.

This report was **PASSED** and **ADOPTED** with a concurrence of at least 12 grand jurors on this 13th day of June, 2013.

Steven P. McPherson
Foreperson

Lyn H. Johnson
Foreperson pro tem

Chester F. Hayes
Foreperson pro tem

Francis A. Stephens
Secretary