COLORADO
Department of
Labor and Employment

Executive Director's Office
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February 4, 2019

Henry Roman
President, Denver Classroom Teachers Association
1500 Grant St.
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Denver, Colorado 80203

Susana Cordova
Superintendent, Denver Public Schools
1860 Lincoln St.
Denver, CO 80203

Dear Denver Classroom Teachers Association and Denver Public Schools Administration,

I am writing you with an update from the Colorado Department of Labor and Employment (CDLE) on the ongoing request for intervention in an effort to keep you abreast of our thinking, our process, and our timeline.

It is important for CDLE to reiterate here what the Governor has shared with each party privately, which is that the grievances of the last decade between the union and the district cannot be wholly resolved through these contract negotiations. In fact, many of these issues being debated will be up to the voters to decide in the next school board elections this November.

While much of the public focus in this contract dispute has been on teacher salary levels, upon closer examination it has been our observation that most of the points of contention are predicated on philosophy disagreements other than teacher pay. These include opportunities for professional development and career advancement, as well as incentives for working in disadvantaged or underperforming schools, and other workplace-related issues. Moving negotiations forward seems highly unlikely, until both parties can get to a common starting point on financial numbers, resolve ideological divides on how to serve our highest risk children in both title 1 schools as well as the top 30 poverty schools, and to agree on steps and lanes with guardrails in the districts pay schedule.

Therefore, this communication will focus on the two areas standing in the way of both parties coming to an agreement. First, we do not believe that a successful contract can be reached with the current lack of meaningful dialogue and negotiations. Last

Thursday night's negotiation turned into political theater at its worst, not meaningful negotiations. This trend is very troublesome and weighs heavily on the state's decision to intervene or not. It is clearly in the state's interest to ensure the bargaining process is conducted with integrity and effectiveness, and we are currently concerned that is not happening. One reason the state may be compelled to intervene is that the state would be in a better place to ensure a process is designed to resolve disputes within the scope of the contracts at hand.

Second, it remains equally troubling that there is a lack of shared mutual understanding of the facts and costs of the competing proposals. As you know, the state has been engaged in conversations with both parties and an informal voluntary process is under way to analyze the competing proposals. This is based on the data being voluntarily given to the state. Attached is the analysis to date of those proposals performed by the State of Colorado's Office of State Planning and Budgeting professional staff. This analysis highlights possible areas where agreement could be reached between the parties. It should be noted that unlike this voluntary process, one tool available to the state shall it intervene would be compulsory fact finding that would be more comprehensive in scope.

The Governor supports workers' rights, including their right to strike. Moreover, while he believes it is the right of workers to strike, he also believes it is the responsibility of both parties to avoid a strike if possible. He is a relentless optimist about working out our differences and getting along. He strongly believes in workers' rights to strike and fight for fair wages and working conditions, and even joined Pueblo teachers on the picket line in a recent strike in which an objective effort to arrive on mutual facts had already occurred and the dispute was largely over a cost of living increase. Nonetheless, it is incumbent upon the Governor and the state to help facilitate a bargaining process with integrity, and that includes mutual understanding of the facts and confidence in both parties to work together, both during this process and beyond.

It's the Governor's and CDLE's strong desire to see these issues addressed and good faith efforts resumed to get to an agreement prior to his decision on or before Feb 11th. To that end, the Governor is asking for members of each party to meet with him early this week to discuss the path forward, and to review and discuss the informal analysis being done by OSPB prior to the meeting.

Sincerely,

Joe Barela
Executive Director

Cc: Mark Ferrandino, Chief Financial Officer, DPS
Michelle Berge, General Counsel, DPS
Amie Baca-Oehlert, President, CEA
Kathy Rendon, Deputy Executive Director and Manager,
CEA Pam Shamburg, Executive Director, Denver UniServ
Corey Kern, Deputy Executive Director, Denver UniServ

Attachment: OSPB Memo to Executive Director Barela

COLORADO
Office of State Planning & Budgeting

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Jared S. Polis
Governor

Lauren Larson
Director

MEMORANDUM

TO: Executive Director Joe Barela

FROM: OSPB Staff

DATE: 2/1/2019

SUBJECT: Analysis of Proposals in DPS/DCTA Negotiations

This memo is to establish a common understanding of the competing proposals and the costs associated with each proposal.

Basics
DPS Total Budget: $1,135 million in FY 2018-19
Total Designated to Teacher Compensation: More than $400M
Total Money Available from ProComp Mill Levy: ~$33M in FY 2018-19

Teacher Starting Salary	DPS Current	DPS Proposal	DCTA Proposal	Boulder Valley Comp*	Adams 12 Comp*
2019-20	$43,255	$45,500	$45,800	$47,726	$40,783

*Assumes a 3% inflation increase for the 2019-20 school year

Background
Relations between Denver Public Schools (DPS) and the Denver Classroom Teachers Associations (DCTA) are governed by two primary agreements - a "Master Agreement" which covers wages, hours, and employment conditions for teachers and Specialized Service Providers (SSPs), and a "ProComp Agreement" which covers the use of approximately $33 million received each year from a mill levy override passed by Denver voters in 2005 to fund a performance-based compensation system.

DPS and DCTA renegotiated the Master Agreement in 2017, ultimately agreeing to a 5-year extension in September 2017. The renegotiated Master Agreement was approved by nearly 90% of DCTA members and the entire Denver Board of Education. The Master Agreement included a "Three-Year Financial Agreement" which committed to additional investments in teacher compensation of approximately 5% per year for the 2017-18, 2018-19, and 2019-20 school years.

Despite the extension of the Master Agreement to 2022, the ProComp Agreement was still scheduled to expire on January 18, 2018. Due to widespread dissatisfaction and a belief that the ProComp incentive structure was too complex, making it difficult for teachers to anticipate what their actual compensation would be, DPS and DCTA agreed to renegotiate the entire teacher compensation system of more than $400 million, rather than just the $33 million ProComp component. Despite fourteen months of negotiations, the ProComp Agreement expired on January 18th without a deal.

Current Proposals and Cost Estimates

DCTA Proposal: DCTA's latest proposal, dated January 18th, included a "step/lane" salary schedule with eight lanes. Teachers are eligible to advance across lanes using college credits and degrees, advanced licensure or certification, Professional Development Units (PDUs), and district in-service credits. The DCTA has tentatively proposed incentives of $750 annually for teaching in one of ten Distinguished Schools, $1,750 annually for teaching in a Title I school, and $2,500 annually for hard-to-fill positions. They also proposed up to $1,000 in tuition reimbursement or student loan repayment in each school year, up to a career maximum of $6,000.

> *Cost estimate:* The parties do not agree on the cost of this proposal. OSPB estimates that this proposal would cost $28.4 million in the first year. In later years, OSPB estimates that 10-20% of teachers would advance lanes annually, dependent on the specific definitions and restrictions of professional development and in-service credits agreed to by the parties (See further analysis below).

DPS Proposal: DPS made their latest proposal on January 31st. DPS proposed a "step/lane" salary schedule with six lanes, which teachers could advance across using college credits and degrees, advanced licensure or certification, or with ten years of DPS service over the last 15 years. PDUs or other professional development courses and in-service credits were not allowed for lane advancement. DPS included a $750 annual incentive for teachers in Distinguished Schools, a $2,500 annual incentive for hard-to-fill positions and teachers in a Title I school or one of thirty schools identified as "High Priority" Schools. They also included tuition reimbursement/student loan repayment under the same terms as the DCTA proposal, and committed an additional $3 million above COLA to teacher compensation in the 2020-21 school year.

> *Cost estimate:* DPS and DCTA agree that this proposal would cost $20.8 million in the first year, while DPS estimates that 10% of teachers would advance lanes annually. OSPB agrees with these estimates.

Areas of Agreement

DPS and DCTA agree that the teacher compensation system needs to be revamped, and agree on the concept of a "step/lane" salary schedule as a replacement.

- Both sides have proposed a $750 incentive for teachers in Distinguished Schools along with a $2,500 incentive for hard-to-fill positions.
- Both sides have proposed an incentive for teachers in Title I schools, though in differing amounts.
- Both allow lane advancement based on college credits and degrees and advanced licensure, and include the same terms for tuition reimbursement.
- Both proposals make significant investments in additional teacher compensation.

Areas of Disagreement

Despite these areas of agreement, at least three major issues remain outstanding:

- The use of incentives. DPS sees incentives for teachers in High Priority Schools (often referred to as the top 30 poverty schools) as critical to closing the achievement gap while DCTA would prefer that money to be included in the base salary schedule for all teachers.
- Differing amounts for the Title I incentive. DCTA proposes $1,750 annual, while DPS proposes $2,500 annually. Though the cost difference attributable to these incentives is $6.5 million, *there are still deep philosophical disagreements on how this money is distributed.*
- Another major issue in dispute is the mechanism by which teachers can change lanes. While DCTA proposes allowing PDUs and in-service credits to contribute to lane advancement, DPS is concerned that the ease of accumulating PDUs and in-service credits would lead to rapid cost growth as teachers advance lanes quickly.

There appears to have been no substantive discussion between the parties as to what guardrails or restrictions could be implemented that would ensure academic rigor and protect the district from rapid cost growth while still allowing professional development and in-service credits to contribute to lane advancement.

Concerning the issue of lane changes and cost growth in outer years, OSPB's analysis below examines the mechanisms and assumed rates of lane advancement under the DCTA proposal in comparison with the experience of other regional school districts and highlights an area for possible agreement if norms of PDUs and guardrails could be agreed upon.

District	Credit Hours	Professional Development	In-Service	Lane Change %
Adams 12	X	X	X	13%
Jeffco	X			3%
Boulder Valley	X	X		N/A - Recent policy changes
Brighton 27J	X			16%
Aurora	X			10%

Cost of Lane Advancement

DPS assumes their own proposal (allowing for credit hour advancement only) will result in about 10% lane change per year - as in Aurora, which has a similar structure. Under this assumption, the cost of lane advancement each year would be $1.4 million. DPS previously estimated that the DCTA proposal, which includes credits for PDU completion and in-service training, would result in 80% lane change each year, costing $10.9 million. In recent informal conversations with the State, DPS has suggested that they are comfortable with a 50% assumption for lane advancement, or $6.9 million annually. Given the information received from neighboring districts, especially Adams 12, which allows for professional development and in-service credits to contribute to lane advancement, it appears unlikely that the inclusion of professional development and in-service credits will significantly increase the degree of lane advancement. Without further discussion between DPS and DCTA regarding the specifics of what is allowed for lane advancement and possible guardrails to prevent rapid lane advancement, it is difficult to estimate the actual degree of cost growth due to this issue. If the methods of lane advancement are applied in ways similar to those in nearby districts, lane advancement will likely be between 10% and 20% annually. A conservative assumption of 20% lane advancement would result in $2.8M in additional costs due to lane advancement each year, or $1.4M more than in DPS's proposal.

Annual Cost Growth Due to Lane Advancement (DCTA Proposal)	Cost Growth (After First Year)
DPS Assumption (Formal)	$10.9M/year (80% Lane Advancement)
DPS Assumption (Informal)	$6.9M/year (50% Lane Advancement)
OSPB Assumption (Low)*	$1.4M/year (10% Lane Advancement)
OSPB Assumption (High)*	$2.8M/year (20% Lane Advancement)

*Assuming lane advancement methods and guardrails defined similarly to those in other regional districts

Cost of Step Advancement

DPS estimates that step advancement will cost an additional $9.8M each year. It's important to note that this does not account for turnover. In other districts and in DPS's first year cost model, step advancement is offset by turnover. As DPS has a high turnover rate, this should provide an even greater constraint on step advancement as a driver of ongoing cost growth.

PDUs/Professional Development Credits

The primary source of disagreement in the lane advancement assumptions appears to be the use of PDUs. DPS is very skeptical of PDUs as a means for lane advancement, arguing that they are not rigorous and are easy to attain. The DCTA views PDUs as equivalent to other professional development programs, and argues that DPS needs to allow these professional development credits as do many other districts. In response to OSPB inquiries, several regional districts commented on the need to raise standards for professional development credits in their districts, with some requiring outside approval by the Colorado Department of Education or an accredited college or university. Boulder Valley experienced lane advancement rates of around 20% before raising standards for professional development courses a year ago. Possible grounds for agreement in the Denver negotiations may include raising the standards for PDUs, possibly replacing them with a more rigorous internal professional development program or having them approved by an outside authority like the Colorado Department of Education.

In-Service Credits

The parties have not defined in-service credits with regards to what is included in this category. DPS assumptions are based on a very broad definition without restrictions. DCTA has not explicitly defined what would be included in this category. Adams 12 places restrictions around the accumulation of in-service credits, prohibiting teachers from accumulating credits while on district-paid time. A similar limitation may help facilitate an agreement these negotiations.