

FOR YOUR INFORMATION

News for School Clients

QEO CHECKLIST

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QEO Checklist

Although the Governor's budget proposal includes the repeal of the Qualified Economic Offer (QEO) provisions, the QEO law remains in effect and must be complied with by school districts. Enclosed is a 2003-2005 QEO Checklist which may assist you in the preparation of the QEO documents. One point of note: The statutes and regulations governing the calculation of a QEO for 2003-2005 are unchanged from those utilized to calculate a QEO in 2001-2003.

As the May deadline date for providing the employee union with WERC Forms A and B approaches, please feel free to inquire of our office if you have any questions. Michelle Moe, the School, Municipal, Labor, and Employment Law Team paralegal, is very knowledgeable with respect to QEO calculation, as are the lawyers on the Team, particularly Mike Julka, Shannon Day, and Shana Lewis.

2003-2005 QEO CHECKLIST

1. Identify all employees in the bargaining unit on **April 2, 2003**.
2. Identify all fringe benefits and your percentage contribution toward them on **April 2, 2003**.
3. Prepare **WERC costing forms** using employees and fringe benefits identified above. Include in your fringe benefit calculation the cost of any benefits that employees (identified in #1) who retire will receive/have received prior to the expiration of the contract.
4. Assume any cost increases incurred during a contract year were in effect for the entire contract year.
5. Cost **actual step advancement** for 2003-2004 using the 2002-2003 (base year) salary schedule. Move employees one more step for 2004-2005.
6. **Do not cost lane advancement costs** for 2003-2004 and 2004-2005.
7. **Maintain all compensation costs** (such as those associated with extracurricular, summer school and athletic events) other than salary and fringe benefits **unless the cost is due to salary schedule increases or additional years of service**.
8. The cost of **credit reimbursement** will remain the same for all three years (the base year, and the two years of the contract) unless the rate of reimbursement increased due to an increase in the salary schedule.
9. **Maintain all fringe benefits, and the district's percentage contribution to fringe benefits.** Use the base year employees from #1 and the benefit contributions toward each base year employee from #2 to cost the cast-forward benefits at the new benefit rates (if known) or at the estimated benefit rate increase.
10. Provide a **salary increase** in the first contract year (QEO Year 1) which, when **added to the cost of maintaining all fringe benefits, equals 3.8%** above the base year's total compensation (include cast-forward step costs, as well as resultant roll-

up fringe benefit costs associated with the increased salary, e.g., social security and retirement costs). [If a salary schedule increase would result in the total compensation cost increase exceeding 3.8%, proration of cast-forward steps is necessary. If the fringe benefit increase alone is more than a 3.8% increase in total compensation costs, a salary schedule decrease will be necessary.]

11. Provide a **salary increase** in the second contract year (QEO Year 2) which, when **added to the cost of maintaining all fringe benefits, equals 3.8%** above the prior year's (QEO Year 1) total compensation (include cast-forward step costs, as well as resultant roll-up fringe benefit costs associated with the increased salary, e.g., social security and retirement costs). [If a salary schedule increase would result in the total compensation cost increase exceeding 3.8%, proration of cast-forward steps is necessary. If the fringe benefit increase alone is more than a 3.8% increase in total compensation costs, a salary schedule decrease will be necessary.]
12. Provide the employee union with WERC Forms A and B **60 days prior to contract expiration** or whenever a QEO is made, **whichever is earlier**.
13. Attach a **scattergram** showing the salary schedule placement of base year employees to your costing.
14. Have the Superintendent/Business Manager and the Board Treasurer sign and date Form B.
15. Make adjustments to the Form B if/when errors are discovered or as benefit rate increases become known (rather than estimates). Every "adjusted" Form B must be signed as described in number 14 above and provided to the Union.

If you have any questions regarding this topic, please call Lathrop & Clark LLP School, Municipal, Labor and Employment Law Team at 608-257-7766.

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