

Memorandum

PREPARED FOR: Task Force on Substitute Teachers

DATE: June 5, 2024

BY: Tyler Larson, Research Analyst

RE: Cost Savings Analysis for Substitute Services

REVISED June 13, 2024 (see footnote on pg. 1)



LPRO
LEGISLATIVE POLICY
AND RESEARCH OFFICE

This memorandum reviews cost analyses provided by school districts and education service districts that have entered into contracts for the provision of substitute teacher services. It is divided into three sections:

- [Task Force Direction and Process](#);
- [Public Contracting Requirements for Services, page 3](#); and
- [Review of Cost Analyses for Substitute Contracts, page 5](#).

Task Force Direction and Process

Section 21 of [Senate Bill \(SB\) 283](#) (2023), enacted July 31, 2023, established the Task Force on Substitute Teachers to be supported by the Legislative Policy and Research Office (LPRO). Among other things, the Task Force was directed to:

- (a) Review school district requests for proposals related to substitute teachers;
- (b) Conduct a cost savings analysis of providing substitute teachers through third-party employment service providers.¹

LPRO was directed by the Task Force to identify and analyze necessary data to support the above mandated activity. To this end, LPRO sought to acquire cost analysis and feasibility documents generated by public school districts and education service districts (ESD) to date, in support of entering into contracts with third-party substitute administrators as required under [ORS 279B.030-279B.036](#). Districts that identified third-party administrators in their materials named either EDUStaff or ESS as their service provider. A review of the client lists for these third-party administrators suggests 96 school districts and ESDs contract with EDUStaff or ESS for substitute services (Appendix A, page 20).

While all cost analysis and feasibility determination records and documentation are public records subject to public inspection, there is no central repository for this information and each cost analysis must be requested from the individual document originators.² To address this challenge, LPRO worked with representatives from the Oregon School Boards Association (OSBA), Coalition of School Administrators (COSA),

A revised report, dated June 13, 2024, was in response to the presentation of the memo to the Task Force on Substitute Teachers on June 13; LPRO revised Table 1 (page 5) to clarify interpretation by replacing color-coded marks with “present” and “not present”. The title of Table 1 was also revised and a note added to clarify that LPRO is evaluating the presence of cost analysis elements and feasibility findings in the materials submitted.

¹ [Senate Bill 283 \(2023\)](#), Section 21(3).

² [ORS 279B.033\(3\) and 279B.036\(2\) \(2023\)](#).

and the Oregon Association of School Business Officials (OASBO) to contact the various school districts and ESDs to attempt to obtain the requested documents.

LPRO provided these associations with the following sample language for use when requesting documents:

[Senate Bill 283 \(2023\)](#) established the [Task Force on Substitute Teachers](#) and mandated that the Task Force, among other things, “[c]onduct a cost savings analysis of providing substitute teachers through third-party employment service providers.” SB 283 directed [the Legislative Policy and Research Office](#) (LPRO, we) to provide staff support to the Task Force. To facilitate the Task Force’s analysis, we are seeking public cost savings analysis and feasibility documents required under [ORS 279B.030-279B.036](#) that have been produced, to date, by school districts and education service districts in support of such procurements. LPRO will review the cost savings analysis documents for the statutorily required elements and share our analysis with the Task Force in the spring.

LPRO provides centralized, nonpartisan research and issue analysis for Oregon’s legislative branch. Results from LPRO’s research will be provided to the Task Force, and any recommendations or legislative ideas that are informed by this research will be the product of the Task Force.³

Some districts responded to these emails from OSBA, COSA, and OASBO. In turn, these associations forwarded the responses to LPRO.

In emails dated October 17, 2023, and February 23, 2024, OSBA sent LPRO information related to the following districts:

- David Douglas School District;
- Hillsboro School District;
- Northwest Regional ESD; and
- Willamette ESD.

To increase district participation, LPRO provided OSBA, COSA, and OASBO with a letter addressed to school districts that detailed the request for cost analysis information and the documents required for LPRO’s analysis on March 22, 2024.

Attached to an April 16, 2024, email, OASBO provided materials for the following entities, four of which had been previously submitted to LPRO:

- Brookings Harbor School District
- Corvallis School District
- David Douglas School District
- Estacada School District
- Gresham Barlow School District
- Hillsboro School District
- Medford School District
- Northwest Regional ESD

³ Personal communication between LPRO and Lori Sattenspiel, OSBA, Morgan Allen, COSA, and Jackie Olsen, OASBO, email, January 18, 2024.



- Parkrose School District
- Willamette ESD

On May 13, 2024, LPRO received an email directly from the Hillsboro School District including the district's most recent three-year cost analysis.

On May 15, 2024, LPRO received an email directly from the McMinnville School District including a link to a district cost analysis.

LPRO received no additional cost analysis information from other districts in response to this request.

Public Contracting Requirements for Services

This section summarizes selected portions of Oregon law related to public contracts for services as necessary to provide context for a review of cost analyses and feasibility determinations. LPRO makes no attempt to interpret these provisions as they apply to any party and has no authority to evaluate or determine compliance with any statutory requirements.

The Oregon Public Contracting Code ("PCC," ORS chapters [279A](#), [279B](#), and [279C](#)) governs the procurement of goods and services by most state, local, and special government.⁴ The PCC requires a that contracting agency [school or education service district], before conducting a procurement for services with an estimated contract price in excess of \$250,000, demonstrate either that the agency [district]:

- will spend less on the procurement than if the agency [district] performed the services using agency staff and resources; or
- cannot feasibly perform the services with the agency's [district's] own personnel and resources.⁵

Cost Analysis

If a district intends to proceed with procurement based on cost, it must complete a written cost analysis that includes estimates for both the district's costs to perform the services and a potential contractor's costs to perform the services.⁶ The estimates must include wage and benefits costs; materials costs; and other miscellaneous costs related to performing the services. The estimate for the contracting district's costs must also include "costs incurred in planning for, training for, starting up, implementing, transporting and delivering the services and costs related to stopping and dismantling a project or operation because the contracting district intends to procure a limited quantity of services or procure the services within a defined or limited period of time."⁷ Further

⁴ [ORS 279A.005 and 279A.025 \(2023\)](#).

⁵ [ORS 279B.030\(1\) \(2023\)](#).

⁶ [ORS 279B.033\(1\) \(2023\)](#).

⁷ *Id.*



guidance on how to conduct the written cost analysis is provided in the Attorney General's Model Public Contract Rules.⁸

A contracting district may proceed with the procurement of services if the district will spend less on the procurement than if the district performed the services using district personnel and resources.⁹ The district may not proceed if the sole reason that contracting costs less is that the contractor's estimated wages and benefits are lower than the estimated wages and benefits for district personnel.¹⁰

A contracting district that lacks the necessary personnel and resources to perform services may still proceed to procurement even if the district will spend more on the procurement than if the district performed the services using district personnel and resources.¹¹ A contracting district that conducts a procurement because it lacks the necessary personnel and resources must provide copies of the cost analysis and findings and the basis for the contracting district's decision to proceed with procurement to a local contract review board.¹² The Oregon Public Contracting Code specifies that the governing body of a local contracting district (e.g., the school board) is the default contract review board.¹³

Feasibility Determination

A contracting district may proceed with procurement without conducting a cost analysis if the district determines that it is not feasible to perform the services in question using district personnel or resources.¹⁴ The district must find in writing finding that:

- The contracting district lacks the specialized capabilities, experience or technical or other expertise necessary to perform the services; or
- Special circumstances (e.g., grant requirements, state or federal law, emergency or short-term procurement) require the district to procure services by contract.¹⁵

Materials Submitted

While some of the materials submitted to LPRO are identified as cost analyses, others appear to contain only related elements. Where available, LPRO provides the cost analysis and identifies line items related to both PERS costs and estimated total cumulative savings. LPRO was provided with at least one element of a cost analysis for nine of the eleven contracting districts. None of the materials submitted contain written

⁸ [OAR 134-047-0250](#).

⁹ [ORS 279B.033\(2\)\(a\) \(2023\)](#).

¹⁰ *Id.*

¹¹ [ORS 279B.033\(2\)\(b\) \(2023\)](#).

¹² *Id.*

¹³ ORS 279A.060 (2023).

¹⁴ [ORS 279B.036\(1\) \(2023\)](#).

¹⁵ *Id.*



findings related to feasibility or special circumstances. Table 1 summarizes the elements submitted by each contracting district.

Review of Cost Analyses for Substitute Contracts

Table 1: Presence of Cost Analysis Elements or Written Feasibility Determination in Materials Related to Contracting for Substitute Services Submitted to LPRO

Contracting District	Cost Analysis			Feasibility Determination
	District Costs	Contractor Costs	Estimated Savings	
Brookings Harbor SD	Present	Present	Present	Not Present
Corvallis SD	Present	Present	Present	Not Present
David Douglas SD	Present	Present	Present	Not Present
Estacada SD	Not Present	Not Present	Not Present	Not Present
Gresham SD	Not Present	Not Present	Present	Not Present
Hillsboro SD	Present	Present	Present	Not Present
McMinnville SD	Present	Present	Present	Not Present
Medford SD	Present	Present	Present	Not Present
Northwest Regional ESD	Not Present	Not Present	Not Present	Not Present
Parkrose SD	Present	Present	Present	Not Present
Willamette ESD	Present	Present	Present	Not Present

Source: LPRO

Notes: Identifies the presence of specified elements of a cost analysis or feasibility determination in materials related to contracting for substitute services submitted to LPRO.

LPRO has no role in the administration or enforcement of public contracting requirements and takes no position as to whether the provided documents demonstrate compliance with cost analysis requirements for service procurements in excess of \$250,000.

As of the date of this memorandum, LPRO is in receipt of documents related to contracting for substitute teacher services for nine school districts and two ESDs:

- Brookings Harbor School District, page 6
- Corvallis School District, page 7
- David Douglas School District, page 8
- Estacada School District, page 9
- Gresham Barlow School District, page 9
- Hillsboro School District, pages 10-13
- McMinnville School District, page 14
- Medford School District, page 15
- Northwest Regional ESD, page 16



- Parkrose School District, page 17
- Willamette ESD, pages 18-19



Brookings-Harbor School District

A memo dated October 24, 2018, from the Brookings-Harbor School District Superintendent to the Board of Directors seeking approval of a contract for substitute services includes a one-year cost analysis (Figure 1). The analysis identifies \$49,623 in PERS costs for 2017-18 and estimates \$29,145.05 in potential savings for the same period by utilizing a contractor to provide substitute services. The memo does not make written findings related to feasibility or special circumstances but does note that the proposed third-party contractor provides a wider range of services than the district's ESD.

Figure 1: October 2018 Brookings-Harbor School District Cost Analysis for Substitute Services with PERS Line Items and Total Savings Highlighted

WAGES & BENEFITS	BHSD17C	ESS
Substitute-Licensed	\$360,224.00	\$360,224.00
Substitute-Classified	\$87,243.93	\$87,243.93
TOTAL SUBSTITUTE WAGES	\$447,467.93	\$447,467.93
Substitute Additional Payroll Costs		
PERS/Employer Contribution T1/2	\$679.26	\$0.00
PERS Employee Contribution	\$10,980.92	\$0.00
PERS UAL-Bond	\$25,412.99	\$0.00
PERS Match Tier 3	\$12,549.62	\$0.00
Social Security	\$34,241.40	\$0.00
Workers Compensation Insurance	\$2,302.67	\$0.00
Unemployment Insurance	\$448.42	\$0.00
District Support Costs		
Human Resources 5% Salary Costs	\$4,548.70	\$0.00
Payroll Specialist 10% Salary Costs	\$7,655.30	\$0.00
School Secretaries 2.5% Salary Costs	\$4,026.33	\$0.00
Food Service Director 2.5% Salary Costs	\$1,947.25	\$0.00
Supplies	\$650.00	\$0.00
Technology Hardware/Software	\$6,220.80	\$0.00
Substitute Hiring & Support - SCESD Tier 1 Service	\$4,131.99	\$0.00
Service Fee - ESS	\$0.00	\$111,866.98
TOTAL ADDITIONAL PAYROLL & SUPPORT COSTS	\$115,795.64	\$111,866.98
TOTAL OTHER COSTS	\$563,263.57	\$559,334.91
TOTAL CASH SAVINGS		\$3,928.66
LIABILITY TRANSFERRED TO ESS		
WC Claim Liability		\$1,877.40
Unemployment		\$894.00
Sick Leave Liability		\$18,352.99
ACA Liability		\$4,092.00
TOTAL LIABILITY ASSUMED BY ESS		\$25,216.39
TOTAL SAVINGS		\$29,145.05

Source: Brookings-Harbor School District



Corvallis School District

An undated analysis provided to LPRO by OASBO and attributed to EDUStaff compares projected costs for Corvallis School District to projected costs for EDUStaff for an unspecified period of time (Figure 2).¹⁶ The analysis identifies \$122,220 in PERS costs, which are calculated as a percentage of payroll, and estimates \$13,110 in total cumulative savings over the unspecified time period by utilizing a contractor to provide substitute services. The document does not contain written findings related to feasibility or special circumstances.

Figure 2: Undated Corvallis School District Cost Analysis for Substitute Services with PERS Line Items and Total Savings Highlighted

	CSD Projected Costs	EDUStaff Projected Costs	Notes
Projected Annual Payroll			
Substitute Full Day Rate	\$ 180.00	\$ 180.00	
Assumed Annual Absences	7,000	7,000	
Projected Payroll	\$ 1,260,000	\$ 1,260,000	
Associated Payroll Costs			
PERS Employer Contributions	\$ 52,920		6.00% of payroll (composite estimate with 70% membership rate)
PERS UAL	\$ 69,300		5.50% of payroll (fixed)
Social Security/Medicare	\$ 96,390		7.65% of payroll (fixed)
Worker's Compensation	\$ 17,640		1.40% of payroll (fixed)
Unemployment	\$ 6,300		0.50% of payroll (estimate based on potential claim cost)
ACA			
Hour Tracking & Compliance Actions	\$ 800		0.0100 FTE CSD Benefits Specialist
Other Hard Costs			
Payroll Processing & Liability	\$ 8,827		0.1000 FTE CSD Payroll Specialist
Handbooks & Other Training Materials	\$ 1,000		
HR Services to Manage Sub Pool			
Marketing to Grow Sub Pool:	\$ 5,000		
Intense Advertising			
Recruiting Efforts			
Continual HR Functions:	\$ 57,333		0.7500 FTE CSD HR Specialist
District Employees to Manage			
Employee Screening			
New Hire Orientation			
Employee Management			
Data Processing & Storage			
Training (Initial & Ongoing)			
Substitute Help Line			
Aesop Auditing & Supervising			
Payroll Timecards			
Payroll Adjustments & Bank Changes			
Tracking Hours			
Employee Performance & Issues			
Terminations			
Turnover & File Purging			
All Other Employee Obligations			
Total Cost	\$ 1,575,510	\$ 1,562,400	Cost with EDUStaff as the employer with all related costs at 24.00% Cost savings of \$13,110 by partnering with EDUStaff

Source: EDUStaff

David Douglas School District

A memo dated August 10, 2016, from the David Douglas School District Director of Administrative Services to the School Board seeking a decision on procuring substitutes via contract includes a three-year cost analysis (Figure 3). The analysis notes that some current substitutes were employees but that the district already was already using a contractor to provide substitute scheduling and hiring documentation services. The analysis is a comparison between using no contractors (Scenario 1), partially contracting for substitute services (Scenario 2) and fully contracting for substitute services (Scenario 3). Comparing Scenarios 2 and 3, the analysis estimates \$334,645 in total cumulative savings over three years by fully contracting for substitute services. The cost analysis identifies salary and benefit costs, but does not provide specific costs for PERS. The memo does not contain written findings related to feasibility or special circumstances.

Figure 3: August 2016 David Douglas School District Cost Analysis for Substitute Services with Total Savings Highlighted

District Costs (Scenario 1)	2016-17	2017-18	2018-19
Salaries and Benefits	2,462,346	2,595,617	2,656,940
Material Costs	61,041	42,550	43,550
Other Costs	<u>95,958</u>	<u>101,088</u>	<u>103,743</u>
Grand Total District Costs	\$ 2,619,345	\$ 2,739,255	\$ 2,804,233
District Costs (Scenario 2)	2016-17	2017-18	2018-19
Salaries and Benefits	2,185,087	2,317,863	2,374,678
Material Costs	32,078	32,716	33,365
Other Costs	<u>87,821</u>	<u>92,814</u>	<u>95,333</u>
Grand Total District Costs	\$ 2,304,986	2,443,393	2,503,376
Contractor Costs (Scenario 3)	2016-17	2017-18	2018-19
Salaries and Benefits	1,885,447	1,938,576	1,986,166
Material Costs	35,394	36,098	36,816
Other Costs	65,771	67,884	69,847
Estimated Contractor Profit	<u>258,028</u>	<u>265,293</u>	<u>271,790</u>
Grand Total Contractor Costs	\$ 2,244,640	\$ 2,307,851	\$ 2,364,619
Estimated District Savings (based on comparison of Scenarios 2/3)	\$ 60,346	\$ 135,542	\$ 138,757

Source: David Douglas School District



Estacada School District

A memo dated February 11, 2021, from both the Estacada School District's Human Resources Coordinator and Business Manager to the school board seeks the approval of a professional services contract with ESS West, LLC, for the provision of substitute services. The memo indicates the procurement is for at least at least \$50,000 and not more than \$500,000. The memo does not contain the elements of a cost analysis or written findings related to feasibility or special circumstances.

Gresham Barlow School District

A memo dated May 19, 2022, from unnamed staff to the Gresham Barlow School Board seeks authorization to contract with EDUStaff for substitute services beginning in the 2022-23 school year. The memo does not contain written findings related to feasibility or special circumstances but indicates that the district's ESD was "not able to keep up with demand and has indicated that they will likely transition to contracted sub services, as well." The document does not contain district or contractor costs; it does note that "year-to-date in 2021-22, the district would have saved \$36,000."



Hillsboro School District

Information provided by OSBA, OASBO, and the Hillsboro School District includes four multi-year cost analyses. None of the materials provided for the district contain written findings related to feasibility or special circumstances.

A memo dated September 22, 2015, from the Hillsboro School District Chief Financial Officer to unnamed recipients and recommending the district proceed with the contracting process for procuring substitute employees includes a three-year cost analysis (Figure 4). The analysis notes that "Hillsboro's payroll costs include a 19.13% PERS employer contribution for Tier 1 and 2 eligible employees, and 17.62% for OPSRP eligible employees" but does not provide line items for PERS costs. The analysis estimates \$1.35 million in cumulative savings over three years by contracting for substitute services.

Figure 4: September 2015 Hillsboro School District Cost Analysis for Substitute Services with Total Savings Highlighted

	Year 1	Year 2	Year 3	Cumulative
District – Wages and Benefits	\$7,246,812	\$7,464,216	\$7,688,143	\$22,399,171
District – Non-Wages	\$120,236	\$123,843	\$127,559	\$396,409
District- Total	\$7,367,048	\$7,588,060	\$7,815,701	\$22,770,809
Contractor – Wages and Benefits	\$6,829,808	\$7,034,703	\$7,245,744	\$21,110,255
Contractor – Non-Wages	\$100,209	\$103,216	\$106,312	\$309,737
Contractor – Total	\$6,930,018	\$7,137,918	\$7,352,056	\$21,419,992
Savings – Wages and Benefits	\$417,003	\$429,514	\$442,399	\$1,288,916
Savings – Non-Wages	\$20,027	\$20,628	\$21,247	\$61,901
Savings – Total	\$437,030	\$450,141	\$463,645	\$1,350,817

Source: Hillsboro School District



A 2019 spreadsheet attributed the Hillsboro School District containing a three-year cost analysis identifies \$1.64 million in cumulative PERS line item costs for substitute teachers (Figure 5) and estimates \$950,520 in cumulative savings by contracting for substitute services (Figure 6).

Figure 5: 2019 Hillsboro School District Cost Analysis Detail of District Costs for Substitute Benefits with PERS Line Items Highlighted

	% of Payroll						
PERS Tier I/II Employer Contribution (24% of all employees, approx. 40% of substitutes)	16.88%	21.9%	\$ 315,651	21.9%	\$ 325,121	26.9%	\$ 411,400
PERS UAL Bond(s) (100% of substitutes)	8.41%	8.4%	\$ -	8.4%	\$ -	8.4%	\$ -
PERS Tier III Employer Contribution (76% of all employees, approx. 40% of substitutes)	11.55%	16.6%	\$ 172,044	16.6%	\$ 177,205	21.6%	\$ 237,664
Social Security	7.65%		\$ 474,718		\$ 488,960		\$ 503,629
Workers Compensation	0.50%		\$ 31,027		\$ 31,958		\$ 32,917
Unemployment Insurance	0.10%		\$ 6,205		\$ 6,392		\$ 6,583
TOTAL SUBSTITUTE BENEFITS			\$ 999,646		\$ 1,029,635		\$ 1,192,192
TOTAL WAGES & BENEFITS			\$ 7,205,113		\$ 7,421,267		\$ 7,775,572

Source: Hillsboro School District

Figure 6: 2019 Hillsboro School District Cost Analysis for Substitute Services with Total Savings Highlighted

Comparison	2019-20	2020-21	2021-22	Cumulative
District Wages and Benefits	\$ 7,612,642	\$ 7,841,021	\$ 8,207,919	
District Non-Wages	\$ 446,488	\$ 451,744	\$ 464,096	
District Total	\$ 8,059,130	\$ 8,292,765	\$ 8,672,016	\$ 25,023,910
Contractor Wages and Benefits	\$ 7,389,164	\$ 7,610,839	\$ 7,839,164	
Contractor Non-Wages/Margin	\$ 367,670	\$ 410,659	\$ 455,895	
Contractor Total	\$ 7,756,834	\$ 8,021,497	\$ 8,295,059	\$ 24,073,390
Savings in Wages and Benefits	\$ 223,478	\$ 230,183	\$ 368,756	\$ 822,417
Savings in Non-Wages	\$ 78,817	\$ 41,085	\$ 8,201	\$ 128,103
Total Savings	\$ 302,296	\$ 271,268	\$ 376,957	\$ 950,520

Source: Hillsboro School District

An undated spreadsheet attributed to the Hillsboro School District containing a four-year cost analysis for 2021-22 through 2024-25 estimates \$9.93 million in cumulative savings by contracting for substitute services (Figure 7). The spreadsheet does not include detailed benefit costs for substitute teachers, but does contain two seemingly contradictory notes on assumptions:

- “Assumes 20% will qualify for PERS and 50 will qualify for full time benefits”
- “If 50% of wages qualifies for PERS and 50 subs for medical benefits”

Figure 7: 2022 Hillsboro School District Cost Analysis for Substitute Services with Competing Note on PERS Assumptions and Total Savings Highlighted

Contract Subs					
	2021-22 Actual	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	
Total Cost	\$ 5,973,776.00	\$ 6,451,678.08	\$ 6,645,228.42	\$ 6,844,585.28	
Wages	\$ 4,510,200.88	\$ 4,838,758.56	\$ 4,983,921.32	\$ 5,133,438.96	
Fee	\$ 1,463,575.12	\$ 1,612,919.52	\$ 1,661,307.11	\$ 1,711,146.32	
		\$ 477,902.08	\$ 193,550.34	\$ 199,356.85	
Subs as Employees					
	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	
Total Cost	\$ 8,568,531.20	\$ 8,825,587.14	\$ 9,090,354.75	\$ 9,363,065.39	
Wages	\$ 5,973,776.00	\$ 6,152,989.28	\$ 6,337,578.96	\$ 6,527,706.33	
PR Costs	\$ 1,944,755.20	\$ 2,003,097.86	\$ 2,063,190.79	\$ 2,125,086.52	Assumes 20% will qualify for PERS and 50 will qualify for full-time benefits
Other*	\$ 650,000.00	\$ 669,500.00	\$ 689,585.00	\$ 710,272.55	
					Prior Periods omitted due to COVID impact to services and data
					Total Impact if Retro to 2021-22
Difference \$	\$ 2,594,755.20	\$ 2,373,909.06	\$ 2,445,126.33	\$ 2,518,480.12	\$ 9,932,270.70

Source: Hillsboro School District



A 2024 spreadsheet attributed the Hillsboro School District containing a three-year cost analysis identifies \$3.2 million in cumulative PERS line item costs for substitute teachers (Figure 8) and estimates \$3.67 million in cumulative savings by contracting for substitute services (Figure 9).

Figure 8: 2024 Hillsboro School District Cost Analysis Detail of District Costs for Substitute Benefits with PERS Line Items Highlighted

PERS Tier I/II Employer Contribution (20% of substitutes)	15.27%	\$ 285,523	16.77%	\$ 322,977	16.77%	\$ 332,667
PERS UAL Bond(s) (100% of substitutes)	7.85%	\$ 733,908	7.85%	\$ 755,925	7.85%	\$ 778,603
FICA/Social Security	7.65%	\$ 715,210	7.65%	\$ 736,666	7.65%	\$ 758,766
Workers Compensation	3.00%	\$ 280,474	3.00%	\$ 288,889	3.00%	\$ 297,555
Unemployment Insurance	0.60%	\$ 56,095	0.60%	\$ 57,778	0.60%	\$ 59,511
OR Paid Family Leave	0.62%	\$ 57,965	0.62%	\$ 59,704	0.62%	\$ 61,495
TOTAL SUBSTITUTE BENEFITS		\$ 2,129,175		\$ 2,221,939		\$ 2,288,597
TOTAL WAGES & BENEFITS		\$ 11,478,321		\$ 11,851,560		\$ 12,207,106

Source: Hillsboro School District

Figure 9: 2024 Hillsboro School District Cost Analysis for Substitute Services with Total Savings Highlighted

	2024-25	2025-26	2026-27	Cumulative
District Wages and Benefits	\$ 12,229,120	\$ 12,632,390	\$ 13,019,170	
District Non-Wages	\$ 841,092	\$ 867,618	\$ 894,991	
District Total	\$ 13,070,212	\$ 13,500,008	\$ 13,914,162	\$ 40,484,382
Contractor Wages and Benefits	\$ 11,203,303	\$ 11,545,042	\$ 11,897,258	
Contractor Non-Wages/Margin	\$ 660,764	\$ 723,095	\$ 788,515	
Contractor Total	\$ 11,864,067	\$ 12,268,137	\$ 12,685,774	\$ 36,817,978
Savings in Wages and Benefits	\$ 1,025,817	\$ 1,087,348	\$ 1,121,912	\$ 3,235,077
Savings in Non-Wages	\$ 180,328	\$ 144,523	\$ 106,476	\$ 431,328
Total Savings	\$ 1,206,145	\$ 1,231,871	\$ 1,228,388	\$ 3,666,404

Source: Hillsboro School District

McMinnville School District

An undated spreadsheet submitted by the McMinnville School District containing a cost analysis for an unspecified period of time identifies \$86,667 in “pension contributions and reporting” and estimates “cost savings of \$63,221 by partnering with EDUStaff” (Figure 10). The spreadsheet does not contain written findings related to feasibility or special circumstances.

Figure 10: Undated McMinnville School District Cost Analysis for Substitute Services with “Pension” Line Item and Total Savings Highlighted

	MSD Projected Costs	EDUStaff Projected Costs	Please update the estimates in the highlighted yellow cells as needed This example highlights McMinnville School District having a total of 350 teachers, with each teacher having 20 absences per year (including PTO, sick days, trainings, etc.)
Projected Annual Payroll			Notes
Substitute Teacher Full Day Rate	\$ 206.35	\$ 206.35	Daily rate for a day-to-day certified substitute teacher
Assumed Teacher Annual Absences	7,000	7,000	Estimate for McMinnville School District (true number of absences unknown)
Projected Payroll	\$ 1,444,450	\$ 1,444,450	Projected payroll from annual teacher absences at \$206.35/day
Payroll Taxes			
Social Security	\$ 89,556	\$ 89,556	6.20% of payroll for both
Medicare	\$ 20,945	\$ 20,945	1.45% of payroll for both
SUTA	\$ 14,445	\$ 51,278	1.00% of payroll for MSD & 3.55% for EDUStaff
FUTA	\$ -	\$ 8,667	0.00% of payroll for MSD & 0.60% for EDUStaff
Payroll Insurances			
Worker's Compensation Premium	\$ 8,378	\$ 8,378	0.58% of payroll for both
EPLI & Professional Liability Premium	\$ 4,622	\$ 4,622	0.32% of payroll for both
ACA			
Hour Tracking & Following Actions:	\$ 43,334	\$ 28,889	MSD true cost unknown, EDUStaff covers all ACA under partnering rate
Provided Benefits			Up to 5.00% (or more) of payroll, estimate of 3.00% given here,
Cost of Limiting to 30 Hour			2.00% of payroll for EDUStaff
1095 Reporting			
Penalties			
Pension			
Contributions & Reporting	\$ 86,667	\$ -	Estimate assuming 6.00% of payroll, zero cost to EDUStaff as a third party
Paid Sick Time	\$ 43,334	\$ 43,334	Estimate assuming 3.00% of payroll for both
Other Hard Costs			
Payroll Processing & Liability	\$ 12,000	\$ 6,500	Estimate for MSD & 0.45% of payroll for EDUStaff
Handbooks & Other Training Materials	\$ 8,500	\$ 5,056	Estimate for MSD & 0.35% of payroll for EDUStaff
HR Services to Manage Sub Pool			
Marketing to Grow Sub Pool:	\$ 17,000	\$ 43,334	Estimate for MSD & 3.00% of payroll for EDUStaff
Intense Advertising			MSD true cost unknown, EDUStaff covers all advertising under agreement
Recruiting Efforts			
Continual HR Functions:	\$ 90,000 *	\$ 65,000	Estimate for MSD & 4.50% service replacement of payroll for EDUStaff
District Employees to Manage			MSD true cost unknown, EDUStaff covers all costs under partnering rate
Employee Screening			
New Hire Orientation			
Employee Management			
Data Processing & Storage			
Training (Initial & Ongoing)			
Substitute Help Line			
Dispatching Auditing & Supervising			
Payroll Timecards			
Payroll Adjustments & Bank Changes			
Tracking Hours			
Employee Performance & Issues			
Terminations			
Turnover & File Purging			
All Other Employee Obligations			
Dispatching Software			
Continue to use current software	\$ 43,334	\$ 43,334	Functionality, stays the same to process except the pickup of EDUStaff now managing the upload of approved subs into the software. Also, MSD would now own and have the full functionality of Frontline's products.
Total Cost	\$ 1,926,562	\$ 1,863,341	Cost with EDUStaff as the employer with all related costs at 26.00% Cost savings of \$63,221 by partnering with EDUStaff

Source: McMinnville School District



Medford School District

A Medford School District document dated April 24, 2017, containing a three-year cost analysis estimates \$133,443 in savings by using a contractor to provide substitute services (Figure 11). The analysis notes that “Medford’s payroll costs currently include a 17.01% PERS employer contribution for Tier 1 and 2 eligible employees, and 12.32% for OPSRP-eligible employees that will not be paid by the contractor,” but does not provide detailed PERS costs. The document does not contain written findings related to feasibility or special circumstances.

Figure 11: 2017 Medford School District Cost Analysis for Substitute Services with Total Savings Highlighted

District Costs	2017-18	2018-19	2019-20
Salary	\$ 2,001,593	\$ 2,061,641	\$ 2,123,490
Benefits	\$ 438,793	\$ 451,957	\$ 465,515
Annual AESOP Software Licensing & Training	\$ 13,428	\$ 13,763	\$ 14,107
Utilities/Office Space/Supplies/Technology Hardware	\$ 2,509	\$ 2,559	\$ 2,611
Substitute Advertising/Marketing	\$ 1,184	\$ 1,207	\$ 1,231
Substitute Orientation non Labor	\$ 2,318	\$ 2,387	\$ 2,459
Substitute Tracking Hiring and Support Labor	\$ 85,444	\$ 88,007	\$ 90,647
Grand Total District Costs	\$ 2,545,267	\$ 2,621,521	\$ 2,700,060
	\$ -		
	\$ -	\$ -	\$ -
Contractor Costs	2017-18	2018-19	2018-20
Salary	\$ 2,001,593	\$ 2,061,641	\$ 2,123,490
Contractor Fee (25%)	\$ 500,398	\$ 515,410	\$ 530,873
Grand Total Contractor Costs	\$ 2,501,991	\$ 2,577,051	\$ 2,654,363
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
District Savings	\$ 43,276	\$ 44,470	\$ 45,698
3 Year District Total Savings			\$ 133,444

Source: Medford School District



Northwest Regional ESD

A memo dated January 10, 2023, from the Northwest Regional ESD's Chief Human Resources Officer to the Board of Directors summarizes the procurement process and recommends the ESD contract with EDUStaff for substitute teacher services. The memo includes related contracting materials including a pricing schedule with all numbers redacted. None of the materials include the elements of a cost analysis or written determinations related to feasibility or special circumstances.



A spreadsheet attributed to Parkrose School District containing a cost analysis based on the 2023-24 daily rate for substitute teachers estimates “\$164.18 savings per day for each substitute for District” (Figure 12). The spreadsheet does not contain written findings related to feasibility or special circumstances.

Figure 12: Parkrose School District Cost Analysis for Substitute Services with Daily Savings Highlighted

COST ANALYSIS PER ORS 279B.033			
		Less than 10 days	More than 10 days
Parkrose		EMS	EMS
Cost per Day		Cost per Day	Cost per Day
\$256.65	Salary	\$230.00	250.00
\$16.25	UAL	\$0.00	\$0.00
\$36.24	UAL for PERS Bond		
\$15.40	PER Pickup	\$0.00	\$0.00
\$15.91	Social Sec	\$0.00	\$0.00
\$3.72	Medicare	\$0.00	\$0.00
\$0.92	Workers comp	\$0.00	\$0.00
\$0.77	W/C Hourly	\$0.00	\$0.00
\$2.57	OR Paid Lv	\$0.00	\$0.00
\$0.05	Unemployment	\$0.00	\$0.00
\$348.48		\$230.00	\$250.00
	Overhead	\$59.80	\$65.00
\$105.50	Insurance - Married	\$0.00	
\$453.98		\$289.80	\$315.00
	\$164.18	Savings per day for each substitute for District	
	The cost analysis shows the		
	district would be better off out-sourcing the substitute services.		
	Therefore it is appropriate to piggy back on the David Douglas		
	Contract with ESS - contract #1617176 and extend our existing agreement		
	that expires 6/30/24		

Source: Parkrose School District

Willamette ESD

An undated spreadsheet attributed to the Willamette ESD containing a four-year cost analysis for substitute services identifies \$153,085 in cumulative PERS line items (Figure 13) and estimates \$2.5 million in cumulative savings by contracting with EDUStaff for substitute services (Figure 14, page 19). The spreadsheet does not contain written findings related to feasibility or special circumstances.

Figure 13: Undated Willamette ESD Cost Analysis Detail Costs for Substitute Benefits with PERS Line Items Highlighted

Description	2016-17		2017-18		2018-19		2019-20	
	Estimated	Cost for	Estimated	Cost for	Estimated	Cost for	Estimated	Cost for
	Expenditures	Sub Services	Expenditures	Sub Services	Expenditures	Sub Services	Expenditures	Sub Services
Human Resource Salary Costs - MI	44,637	1,071	47,819	1,148	48,776	1,171	49,751	1,194
		0		0		0		0
School Secretary - TH	40,622	0	41,434	0	42,263	0	43,108	0
School Secretary - EF	40,622	0	41,434	0	42,266	0	43,111	0
School Secretary - CA	40,622	0	41,434	0	42,263	0	43,108	0
School Secretary - G	33,946	0	36,307	0	39,014	0	39,795	0
School Secretary KA	40,622	0	41,434	0	42,266	0	43,111	0
		0		0		0		0
		0		0		0		0
Tech Services Clerical AESOP - SF	39,206	19,603	42,029	21,014	45,024	22,512	48,314	24,157
Tech Services Admin Asst - SA	54,309	27,154	58,261	29,130	59,426	29,713	60,614	30,307
Tech Services Actgng - KV	46,883	2,344	47,819	2,391	48,776	2,439	49,752	2,488
School Secretary JL	33,946	0	36,307	0	39,014	0	39,795	0
Payroll Specialist Salary JG	57,117	0	58,261	0	59,426	0	60,614	0
Total District Wages	472,532	50,173	492,539	53,683	508,513	55,834	521,072	58,146
PERS Tier I/II Employer Contribut	324,812	11,174	336,461	26,715	343,197	27,250	350,061	28,880
PERS Pickup Employer Only		3,010		3,221		3,350		3,489
PERS UAL Employer Contribution		6,272		6,710		6,979		7,268
PERS Tier III Employer Contributid	107,098	-1,553	114,643	2,992	123,053	3,212	127,903	3,466
PERS Police and Fire	40,622	1,162	41,434	3,058	42,263	3,119	43,108	3,311
Social Security		3,838		4,107		4,271		4,448
Workers Compensation		432		483		503		552
Unemployment		50		54		56		58
Total District Benefits	472,532	24,385	492,539	47,340	508,513	48,740	521,072	51,472
TOTAL DISTRICT WAGES AND BENEFITS		74,558		101,024		104,574		109,618

Source: Willamette Education Service District



Figure 14: Undated Willamette ESD Cost Analysis for Substitute Services with Total Savings Highlighted

<i>EduStaff Comparison</i>	2016-17	2017-18	2018-19	2019-20	Grand Total
EduStaff Wage/APC	\$ 5,069,290	\$ 4,795,725	\$ 4,889,973	\$ 5,013,263	
EduStaff Non-wage Costs		\$ 390,388	\$ 399,862	\$ 382,368	
Continued WESD Costs	\$ 85,882	\$ 112,571	\$ 116,352	\$ 121,630	
Total With 3 Party	\$ 5,155,172	\$ 5,298,684	\$ 5,406,186	\$ 5,517,261	\$ 21,377,303
Without 3rd Party	\$ 5,442,982	\$ 5,754,101	\$ 5,870,461	\$ 6,000,263	\$ 23,067,807
Total Additional Costs	\$ 287,810	\$ 455,417	\$ 464,275	\$ 483,002	\$ 1,690,504
WESD Providing Service	\$ 5,573,342	\$ 5,939,159	\$ 6,096,941	\$ 6,273,531	\$ 23,882,974
Total Additional Costs	\$ 418,170	\$ 640,476	\$ 690,755	\$ 756,271	\$ 2,505,671

Source: Willamette Education Service District

Appendix A

School Districts and Education Service Districts (ESDs) That Contract with EDUStaff and ESS for Substitute Services

EDUStaff Contracted School District/ESD	ESS Contracted School District/ESD
Camas Valley School District 21J	Agia Sophia Academy
Cascade School District 5	Arco Iris Charter School
Central Point School District 6	Astoria School District
Central School District 13J	Banks School District
Corbett School District 39	Brookings Harbor
Corvallis School District 509J	Cannon Beach Academy
Dallas School District 2	Centennial School District
Days Creek School District 15	City View Charter School
Dayton School District 8	Clackamas ESD
Douglas ESD	David Douglas School District
Eagle Point School District 9	Estacada School District
Elkton School District 34	Gaston School District
Falls City School District 57	German International School
Forest Grove School District 15	Harmony Academy
Gervais School District 1	Hillsboro School District
Glendale School District 77	Hope Chinese Charter School
Glide School District 12	Kairos PDX Elementary
Greater Albany Public Schools	Knappa School District
Gresham-Barlow School District 1J	Le Monde French Charter
Jefferson School District 14J	Lincoln County School District (not currently active)
Jewell School District 8	Logos Public Charter School
Junction City School District 69	Medford School District
Klamath County School District	Mitch Charter Schools
Klamath Falls City Schools	Mosier Community School
Lane ESD	Multnomah Learning Academy
Lebanon Community School District 9	Neahkahnie School District
McMinnville School District 40	Newberg Public Schools
Mt. Angel School District 91	North Clackamas School District
Multnomah ESD	Open School NW
North Douglas School District 22	Parkrose School District
North Marion School District 15	Portland Village School



EDUStaff Contracted School District/ESD	ESS Contracted School District/ESD
North Santiam School District 29J	Reynolds School District
Northwest Regional ESD	Rockwood Preparatory Academy
Oakland School District 1 (OR)	Scappoose School District
Perrydale School District 21	Seaside School District
Phoenix Charter School	Serendipity Center
Rainier School District 13	Sherwood Charter School
Riddle School District 70	Sherwood School District
Riverdale School District 51J	Springwater School
Roseburg School District 4	St. Helens School District
Sauvie Island School	The Goddard School of Hillsboro
Scio School District 95	The International School
Sheridan School District 48J	The Ivy School
Silver Falls School District 4J	Tigard Tualatin School District
South Umpqua School District 19	Tongue Point Job Corps Center
St. Paul School District 45	Warrenton Hammond School District
Sutherlin School District 130	Yamhill Carlton School District
Vernonia School District 47J	
West Linn Wilsonville School District 3J	
Willamette ESD	
Willamina School District 30J	
Winston-Dillard School District 116	
Woodburn School District 103	
Yoncalla School District 32	

Source: Legislative Policy and Research Office (LPRO)

Data: EDUStaff, *Organizations We Serve: Position Information*, <https://www.EDUStaff.org/position-information>, January 12, 2024; ESS, *Job Seekers*, <https://ess.com/jobseekers>, January 12, 2024.

Note: The schools, school districts, and education services districts (ESDs) listed are as presented on the EDUStaff and ESS websites and have not been verified for accuracy or currency by LPRO. Further, although the above lists may contain both public and private educational entities, the Task Force on Substitute Teachers, and as such LPRO, are interested in contracts between the third-party administrators and public school districts and ESDs.

