The Hidden Cost of Lateral Movement On the Salary Guide

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Stephen Brummel, Business Administrator, Pinelands Regional Board Of Education

QUESTIONS?

• Do advanced degrees and additional college credits make for better teachers?

• Is student learning and achievement improved by having a teacher with an advanced degree?

Master's Bump - Facts

• In 2007/2008 – U.S. Public Schools spent $14.8 billion for "master's bump" payments.

• 2011= 730,635 Masters Degrees were awarded in the U.S
  – 25% were in "Education"
  – Education Masters Degrees ranked second
    • (Masters in Business was #1)

"The Achievement Effect and Student Achievement", R. Hackett & J. Rice Center for American Progress, July 2012
New Jersey’s Master’s Bump

- $5,090 (average in 2007/2008)
- $280,318,122 (total cost in 2007/2008)
- 44% of staff has a Master’s degree
  - (Nationally = 52%)
- Many districts pay additional compensation for credits above BA, but short of Masters

Biggest Cost Drivers

- Additional compensation for advanced credits/degrees
  - “Column Movement”
- Tuition reimbursement

Tuition Reimbursement

- Districts are paying teaching staff to voluntarily obtain more credits/degrees
- This results in the Board having to pay more salary for the voluntary choice of staff

- Employee’s eligible for “employee tuition assistance for coursework”

- **Requirements:**
  - Must be taken at accredited & duly authorized institution of higher education
  - Prior Superintendent approval; and
  - Must be related to current or future job responsibilities

“Future Job Responsibilities”

- What Does this Mean?

- Administration Courses?
  - Fact specific and depends on history

The Board Pays Twice!

- Tuition Reimbursement

- Column Movement/Advancement
  - *Negotiations Impact*
Definitions

- "Differential" = The difference between the salary rates at the same step on two adjacent columns.

- "Increment" = The difference between two consecutive salary rates on the same column at one particular point in time.

- "Increase" = The difference between an employee's pay one year and the next year (or between two separate points in time).

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SETTLEMENT RATE

Inclusive of increment
(total NEW monies including any incremental cost)

&

Inclusive of Longevity Increases

WHAT IS NOT ACCOUNTED FOR?
FREEZING THE SCATTERGRAM

• Assumptions:
  – All FTEs will be back next year on the same column
  – All FTEs will remain at the same FTE (i.e. 0.5 will stay at 0.5)
  – No one will leave – no one will be added
  – No one moves to another Column

• Stays Constant for Remainder of Negotiations

COLUMN MOVEMENT

• Many districts have advanced columns for attainment of credits & degrees beyond the BA.

• What does this mean for the Board?
  – Answer – The district is potentially going to spend a lot of money.


• Addressed = “additional compensation upon the acquisition of additional academic credits or completion of a degree program at an institution of higher education”

• Requirements for Employee Eligibility:
  – Must be taken at accredited & duly authorized institution of higher education; and
  – Must be related to current or future job responsibilities

(Superintendent approval is not statutorily required)
"Future Job Responsibilities"

- What does this mean?
- Administration Courses?
  - Fact specific and depends on history
- No real limits on what courses or how many!

COLUMN MOVEMENT

Beware of Bloat!

HYPOTHETICAL DISTRICT

- District has six columns
  - (BA, BA+15, MA, MA+15, MA+30, DOC)

- **Differentials:**
  - BA+15 = $550
  - MA = $1,250
  - MA+15 = $2,000
  - MA+30 = $2,700
  - DOC = $3,800
HYPOTHETICAL DISTRICT

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* <50% of staff above BA column

COST TO GET MASTER'S DEGREE

- Contract Language
  - Reimbursement at "N.J. college rate"
  - Limited to 9 credits per year
- Rutgers (2015/2016 rates)
  - $878.00 per graduate credit
  - $361.30 per undergraduate credit
- Typical Masters' Degree = 36 credits
- Cost to obtain Master's Degree = $24,408.00

HYPOTHETICAL TEACHER

- Employee doesn't start earning until tenured (Year 5)
- Earns 6 credits per year (even though contract says up to 9 credit)
- Yearly credit cost = $4,068

- Eligible for BA15 in Year 8
- Eligible for MA bump in Year 11
BOARD INVESTMENT

- Reimbursement Cost = $24,408*
- Employee Averages 6 credits per year
- Eligible for BA15 in Year 8 ($550)
- Eligible for MA bump in Year 11 ($1,250)
- Twenty year teacher = Board will invest $38,558 in the Teacher's master degree (reimbursement + differential)

* Based upon no change in 2015/2016 rates

HYPOTHETICAL DISTRICT

- 99.6 FTE are on advanced columns
- All earn Masters degrees only
- Cost the Board over 20 years = $3,840,376.
  - Assumes no increases in tuition reimbursement or differentials. (Not reality)

- Question - What did the Board get in return?
Tuition Reimbursement Suggestions

- Limit to only graduate work
- Limit to only current job responsibilities
  - No "Administration courses"
- Limit to what will actually assist in classroom
- Put an overall unit-wide cap on reimbursement
- Limit "on-line courses"

Column Movement Restrictions

- Require Superintendent Approval
- No movement for non-subject area coursework
  - No administration courses
- Limit to a certain amount of movement per year
- Fewer columns
  - (ideal = BA, MA & DOC)

SUMMARY

- Make sure the District is getting what it pays for
- Do the results justify the costs?
- Look to controls on Board costs
- Long-term planning must be undertaken
### 2015-16 SALARY GUIDE SUMMARY*
#### COUNTY AND STATEWIDE AVERAGES

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