ACTION LAB

COSTING OUT THE LABOR AGREEMENT AND NEGOTIATIONS PROPOSALS

Presented by:

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I. Introduction

II. Data Gathering and Salary Costs

A. Data Gathering

B. Scattergrams and Salary Base

C. Costing of Salary Increments & Increases

D. Longevity (if applicable)

E. Extracurricular

III. Benefit Costs and Total Compensation Analysis

A. Health Insurance
   i. Medical
   ii. Dental
   iii. Vision

B. Temporary Leaves of Absence
   i. Sick Days
   ii. Personal Days
   iii. Bereavement Days
C. Payment for Unused Sick Leave

D. Tuition Reimbursement

E. Secondary (Hidden) costs
   i. Pensions
   ii. Social Security
   iii. Unemployment Compensation insurance
   iv. Workers' Compensation Insurance
   v. Disability Plans, Life Insurance
   vi. Other
THE COSTING PROCESS

I. IDENTIFY ALL ECONOMIC ITEMS

- Salaries
- Insurances
- Leaves of Absence
- Payment for Unused Sick Leave/Personal Leave
- Tuition Reimbursement
- Miscellaneous -- mileage, physical exams, etc.
- Hidden Costs

II. ASCERTAIN CURRENT COSTS

III. DETERMINE ANTICIPATED INCREASES

IV. COST OUT ECONOMIC PROPOSALS

Steps:

a. Gather data
b. Devise formulas
c. Do calculations

V. REPEAT IV AS NEGOTIATIONS RESULT IN PROPOSALS AND COUNTER-PROPOSALS

VI. TOTAL COMPENSATION ANALYSIS
## DATA GATHERING

1. **TOTAL SALARY BASE COST**  
   (From Scattergram 1, plus any longevity, supermaximum, or off-guide salaries)  
   $____________________

2. **NUMBER OF FTE TEACHERS**
   $____________________

3. **AVERAGE TEACHER SALARY**  
   (Salary base from Scattergram 1 ÷ # of FTE teachers)  
   $____________________

4. **AVERAGE DAILY SALARY RATE**  
   (daily salary ÷ # of days in work years)  
   $____________________

5. **AVERAGE HOURLY SALARY RATE**  
   (daily salary ÷ hours in workday)  
   $____________________

6. **COST OF INCREMENT**  
   (calculated using Scattergrams 1 & 2)  
   $____________________

7. **EXTRACURRICULAR COSTS**  
   $____________________

8. **YEARS OF SERVICE**  
   (To calculate longevity pay and any other benefits that are based on length of service)

9. **LONGEVITY COSTS**  
   Base Year  
   $____________________

   Years going forward  
   $____________________

10. **SUBSTITUTE COSTS**  
    $____________________

---

1 "FTE Teachers" refers to the number of full-time equivalent teachers where part-times are calculated in at their decimal equivalent. (a teacher who works ½ time is considered 0.5 FTE)
11. **LEAVES OF ABSENCE**
   - Number of days allowed under contract
   - Number of days used (total and average)
   - Number of days accumulated

12. **TUITION COST & USAGE**
   - $________________

13. **PROJECTED RETIREMENTS AND NEW HIRES**

14. **PAYMENT(S) FOR UNUSED SICK DAYS**
   - $________________

15. **OTHER**
   a. Pensions
   - $________________
   b. Social Security
   - $________________
   c. Unemployment Compensation Insurance
   - $________________
   d. Workers’ Compensation Insurance
   - $________________
   e. Disability Plans, Life Insurance
   - $________________
## SAMPLE TEACHER SALARY GUIDE
### 2016-17

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**SETTING UP YOUR SCATTERGRAM**

2016-17 Teacher Salary Guide

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<th>x</th>
<th>BA</th>
<th>= Cost</th>
<th>No. Of FTE*</th>
<th>x</th>
<th>MA</th>
<th>= Ccost</th>
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<tr>
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<td>78,500</td>
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<td></td>
<td>80,500</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

* "FTE" refers to the number of full-time equivalent employees with part-time employees calculated in at their decimal equivalent. [Example: a half-time employee would be counted in as "0.5".]

**Note:** This guide only has two columns (BA and MA). If your guide has additional columns, set up a section of your scattergram for each column on the guide.
### SCATTERGRAM 1

**Distribution of Staff on Current Salary Guide**

**2016-17**

<table>
<thead>
<tr>
<th>Step</th>
<th>No. of FTE* x BA = Cost</th>
<th>No. of FTE* x BA = Cost</th>
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<td>1.0 48,260 48,260</td>
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<tr>
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<tr>
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<td>3.0 47,730 143,190</td>
<td>1.0 49,730 49,730</td>
</tr>
<tr>
<td>4</td>
<td>4.0 48,730 194,920</td>
<td>4.0 50,730 202,920</td>
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<td>7</td>
<td>5.0 52,730 263,650</td>
<td>1.0 54,730 54,730</td>
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<tr>
<td>8</td>
<td>3.0 55,030 165,090</td>
<td>1.0 57,030 57,030</td>
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<td>1.0 57,330 57,330</td>
<td>2.0 59,330 118,660</td>
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<td>3.0 59,630 178,890</td>
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<td>11</td>
<td>5.0 61,930 309,650</td>
<td>1.0 63,930 63,930</td>
</tr>
<tr>
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</tr>
<tr>
<td>15</td>
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<td>16</td>
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<td>0.0 75,430 0</td>
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<tr>
<td>17</td>
<td>22.0 78,500 1,727,000</td>
<td>14.0 80,500 1,127,000</td>
</tr>
</tbody>
</table>

**TOTAL $ ON SALARY GUIDE:** 6,500,000  
**TOTAL # OF FTE TEACHERS:** 100
CALCULATING AVERAGE SALARY FIGURES

Scattergrams enable the following calculations to be made:

- **Total Salary Guide Cost**: $6,500,000 \( (4,392,060 + 2,107,940) \)
- **Total # of FTE Teachers**: 100 \( (70 = 30) \)
- **Average Teacher’s Salary**: $65,000 \( (6,500,000 \div 100) \)
- **Average Daily Salary**: $351.35 \( (65,000 \div 185 \text{ Day Work Year}) \)
- **Average Hourly Salary**: $50.19 \( (351.35 \div 7 \text{ Hour Workday}) \)

**Cost of Increment**

(Calculated using Scattergrams 1 and 2)
# SCATTERGRAM 2

(To Calculate Cost of Increment)

<table>
<thead>
<tr>
<th>Step</th>
<th>No. of FTE* x</th>
<th>BA</th>
<th>= Cost</th>
<th>No. of FTE* x</th>
<th>BA</th>
<th>= Cost</th>
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</thead>
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<td>48,700</td>
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<td>1.0</td>
<td>50,730</td>
<td>50,730</td>
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<tr>
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<td>50,230</td>
<td>200,320</td>
<td>4.0</td>
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<td>53,200</td>
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<tr>
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<td>52,730</td>
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<td>1,727,000</td>
<td>14.0</td>
<td>80,500</td>
<td>1,127,000</td>
</tr>
</tbody>
</table>

| TOTAL $ ON SALARY GUIDE: | 6,617,965 | (4,478,615 + 2,139,350) |

## COST OF INCREMENT

- Scattergram 2: 6,617,965
- Scattergram 1: -6,500,000

**Total Increment dollars**: 117,965

Increment expressed as a percentage: \( \frac{117,965}{6,500,000} = 1.81\% \)
LONGEVITY

A. **Formula** – Sum of (Longevity amount for each category of longevity) x (number of eligible FTE per category)

**Example**: The union has a proposal for longevity provision which would grant teachers a $1,000 payment each year after 15 years in the district, $1,500 each year after 20 years; and $2,000 each year after 25 years

<table>
<thead>
<tr>
<th>Proposal</th>
<th># of FTE</th>
<th>Total Cost</th>
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<tbody>
<tr>
<td>$1,000 after 15 years</td>
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<td>$1,500 after 20 years</td>
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<td>$2,000 after 25 years</td>
<td>3</td>
<td>$6,000</td>
</tr>
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</table>

Cost of union proposal = $27,500

B. If there already exits a longevity plan in the district, longevity costs would be calculated in as part of the salary base. Automatic increases in an existing longevity plan (resulting from employees becoming eligible for longevity or changing longevity categories) would be calculates in as part of the increment.

**Example**: this year's total salary base including longevity would be calculated as follows:

- 2014-15 Salaries on the Guide (from Scattergram 1) $6,500,000
- Longevity Payments + $ 27,500
- Total Salary Cost $6,527,500

**Example**: Increment cost for next year including automatic increases in longevity

- 2015-16 Salaries on the Guide (from Scattergram 2) $6,617,965
- Longevity Payments for Next Year (based on 3 additional employees becoming Eligible for a $1,000 payment next year) +$ 30,500
- Less total Salary Cost $6,527,500

**Total Cost of Increment (in dollars)** $120,965

Increment expressed as a percentage $120,965 ÷ $6,527,500 = 1.85%
FORMULAS

A. CONVERTING PERCENTAGE INCREASES TO A TOTAL DOLLAR INCREASE

*Formula:* Base Salary x Percent = $ ________________

*Example:* union proposal is for a 4.5% salary increase

$6,500,000 \times 0.045 = 292,500$

B. CONVERTING PERCENTAGE INCREASES TO AN AVERAGE DOLLAR INCREASE PER TEACHER

*Formula:* (Salary Base x Percentage) ÷ (# of FTE) = $ ________________

*Example:* union proposal is for a 4.5% salary increase

\[
\frac{(6,500,000 \times 0.045)}{100} = 2,925
\]

C. CONVERTING ACROSS THE BOARD DOLLAR INCREASES TO A TOTAL DOLLAR INCREASE

*Formula:* Dollar proposal x (3 of FTE) = $ ________________

*Example:* board is proposing a $1,000 increase per FTE

\[
1,000 \times 100 = 100,000
\]

D. CONVERTING ACROSS-THE-BOARD DOLLAR INCREASE TO PERCENTAGES

*Formula:* \[\frac{\text{[dollar proposal x (# of FTE)]}}{\text{Base Year Total}}\] = _____%

*Example:* board is proposing a $1,000 increase per FTE

\[
\frac{(1,000 \times 100)}{6,500,000} = 1.53\%
\]
COSTING OUT EMPLOYEE BENEFITS
AND PREPARING A TOTAL COMPENSATION ANALYSIS

HEALTH INSURANCES

A. **Formula** = Sum of (number of employees in each type of enrollment) x (annual cost of enrollment)

**Example**

<table>
<thead>
<tr>
<th>Type of Enrollment</th>
<th>Number of Employees</th>
<th>Annual Cost Per Employee</th>
<th>Total Cost</th>
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<td>23</td>
<td>5,998</td>
<td>137,954</td>
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<tr>
<td>Parent/Child</td>
<td>35</td>
<td>8,397</td>
<td>293,895</td>
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<td>Husband/Wife</td>
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<tr>
<td>Family</td>
<td>31</td>
<td>14,995</td>
<td>464,845</td>
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</table>

1,045,139

Cost of benefit as a percentage of salary base: Total Cost ÷ Salary Base

1,045,139 ÷ 6,500,000 = 16.1%

B. **Anticipated Increases**: Perform the above calculations taking into account increases in premium cost per employee for each type of enrollment

C. **Cost Containment Measures**: If there are any provisions that would limit the Board’s expenditure for a certain benefit (e.g., dollars caps, employee contributions, etc…) or if the Board is proposing such measures, take them into account when calculating total cost.

**Example of costing 10% employee contribution toward health insurance for dependents**

<table>
<thead>
<tr>
<th>Type Enrollment</th>
<th>Annual Premium</th>
<th>Minus Single Cost</th>
<th>Cost of Dependent Coverage</th>
<th>10% Employee Contrib.</th>
<th>Dollar Amount of Contrib.</th>
<th>No. Employees</th>
<th>Board Savings</th>
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<tbody>
<tr>
<td>Single</td>
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<td>0%</td>
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<td>0</td>
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<td>Husb./Wife</td>
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<td>5,998</td>
<td>7,497</td>
<td>10%</td>
<td>750</td>
<td>35</td>
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<td>5,998</td>
<td>2,399</td>
<td>10%</td>
<td>240</td>
<td>11</td>
<td>2,640</td>
</tr>
<tr>
<td>Family</td>
<td>14,995</td>
<td>5,998</td>
<td>8,997</td>
<td>10%</td>
<td>898</td>
<td>31</td>
<td>27,838</td>
</tr>
</tbody>
</table>

Employee contributions: $56,728 or 0.87% of salary base (56,693 ÷ 6,500,000)

**The above example is included to demonstrate the concept of employee health care contributions. Practically, the precise employee contribution will have to be projected using the payroll system given the diverse provisions in collective negotiated agreements and the particulars of the districts Chapter 78 contribution.**
TEMPORARY LEAVES OF ABSENCE

Formula for Actual Cost: Based on average usage and out-of-pocket cost of hiring a substitute for the absent teacher.²

\[
\text{Formula} = (\text{Ave. # days used}) \times (\text{substitute cost}) \times (\# \text{ of FTE employees})
\]

Example:
A. Data Gathering

- Number of days available
  10 Sick Days
  3 Personal Days
  4 Bereavement Days (per occurrence)

- Average Number of Days Used
  5.0 Sick Days
  2.74 Personal Days
  0.53176 Bereavement Days

- Per Diem Substitute Cost = $85
- Number of FTE Teachers = 100

B. Calculations

\[
\begin{align*}
\text{Sick leave} & = 5 \times 85 \times 100 \times \text{FTE} & = & 42,500 \\
\text{Personal Leave} & = 2.74 \times 85 \times 100 \times \text{FTE} & = & 23,290 \\
\text{Bereavement} & = 0.53176 \times 85 \times 100 \times \text{FTE} & = & 4,520 \\
\text{Actual Cost of temporary Leave} & = & 70,310
\end{align*}
\]

TUITION REIMBURSEMENT

Formula for actual Cost (note that the formula will depend on wording of the contract or proposal)  \text{Formula} = (\text{cost per Credit}) \times (\text{number of credits taken})

Example

A. Data Gathering

- Contract provides reimbursement for graduate credits, up to $300 per credit and 12 credits per year

- Number of credits taken = 220

² Other approaches for costing temporary leaves include calculating the potential or maximum cost if all employees used all of their leave days. Also, if the board wanted to attach a value to this benefit which represents the loss of employee services, the employee’s daily salary could be used in place of the substitute costs (See NJSBA’s Costing Out the Labor Agreement for a more detailed discussion.)
B. **Calculations**

\[ 300 \times 153 = 45,900 \]

**Note:** If credits were taken at varying tuition rates with some courses costing less than $300 per credit, this benefit could be calculated using a more delineated approach as follows:

- 99 credits @ $300 each = $29,700
- 45 credits @ $280 each = $12,600
- 9 credits @ $250 each = $2,250
- Total tuition reimbursement cost = $44,550

**PAYMENT FOR UNUSED SICK LEAVE**

Formula is based on the rate of reimbursement and number of days accumulated by teachers retiring or utilizing this benefit.

**Formula:** (Rate of reimbursement) X (Sum of sick days accumulated by teachers who will be retiring and/or applying for this benefit)

**Example**

A. **Data Gathering**

- Contract provides $50 per accumulated sick day to teachers who retire with at least 20 years of service in the district
- Three teachers retired last year: one had 75 days, another had 112 days, and the third had 96 days accumulated

B. **Calculations**

\[ 50 \times (75 + 112 + 96) = 14,150 \]

**SECONDARY (OR HIDDEN) COSTS**

These are the costs that may increase as a direct result of salaries increasing.

A. **PENSIONS** – The state currently pays the employers’ portion of the pension costs for employees in the Teachers’ Pension and Annuity Fund (TPAF). Thus, boards do not incur this secondary cost of employment for its teaching staff members.
However, the state does not pay the employer’s portion of pension costs for employees in the Public Employees' Retirement System (PERS). Thus, board should identify these costs when calculating support staff costs of employment.

B. **Social Security** – The state currently pays the employer’s portion of FICA for employees in the TPAF. Thus, boards do not incur this secondary cost of employment for its teaching staff members.

However, the state does not pay the FICA costs for employees in PERS. Thus, boards should identify these costs when calculating support staff costs of employment.

The contribution rate (as of 2010) is calculated as follows: social security is assessed at 6.2% of salary up to a maximum salary of $106,800 per employee, and Medicare is assessed at 1.45% of salary (no maximum).

C. **Other**
   1. Unemployment Compensation Insurance
   2. Workers’ Compensations Insurance
   3. Etc. (e.g., disability plans, life insurance.)
## TOTAL COMPENSATION COST ANALYSIS

<table>
<thead>
<tr>
<th>Economic Provisions</th>
<th>2016-17 Costs</th>
<th>2017-18 Anticipated Increases</th>
<th>Increased Cost Per Union Proposal</th>
<th>Cost Containment Per Board Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17</td>
<td></td>
<td>Dollar Increase</td>
<td>As % of Salary Base</td>
</tr>
<tr>
<td>Salary Base</td>
<td>6,500,000</td>
<td>117,965 (increment)</td>
<td>292,500 (w/ increment)</td>
<td>4.50%</td>
</tr>
<tr>
<td>Longevity</td>
<td>--</td>
<td>---</td>
<td>27,500</td>
<td>0.42%</td>
</tr>
<tr>
<td>Extracurricular</td>
<td>67,954</td>
<td>---</td>
<td>4,417</td>
<td>0.07%</td>
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<tr>
<td>Health Insurance</td>
<td>1,045,139</td>
<td>89,882</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Dental Insurance</td>
<td>---</td>
<td>---</td>
<td>86,750</td>
<td>1.33%</td>
</tr>
<tr>
<td>Prescription Plan</td>
<td>94,004</td>
<td>11,260</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Tuition Reimb.</td>
<td>66,000</td>
<td>---</td>
<td>11,000</td>
<td>0.17%</td>
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<tr>
<td>Sick Leave</td>
<td>42,500</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Personal Leave</td>
<td>23,290</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Bereavement</td>
<td>4,520</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Payment for Unused Sick Leave</td>
<td>14,150</td>
<td>---</td>
<td>14,150</td>
<td>0.22%</td>
</tr>
<tr>
<td></td>
<td>7,857,557</td>
<td>219,845</td>
<td>436,317</td>
<td>6.71%</td>
</tr>
</tbody>
</table>

**Hidden Costs**
- Social Security**
- Pensions**
- Workers’ Comp & Unemp. Comp.

|                   | 46,770       | ---                           | 2,538                            | 0.05%                            | ---           | ---                 |

*Percent of Salary Base = Cost of proposal / Salary Base*

Page 17 of 18
Currently, the teaching staff members' pensions and social security costs are paid by the state; thus, these costs need not be incorporated into this Total Compensation Cost Analysis.

**CONSTRUCTING POSSIBLE ECONOMIC PACKAGES**

**BOARD PARAMETER = 2.00% of Salary Base or $130,000**

### Possible Economic Package #1
- **Longevity Plan** $27,500  0.42%
- **Increase in Extracurricular** 4,417  0.07%
- **Increase in Tuition Reimbursement** 11,000  0.17%
- **Salary Increase** 87,083  1.34%
  $130,000  2.00%

### Possible Economic Package #2
- **Longevity Plan** $27,500  0.42%
- **Increase in Extracurricular** 4,417  0.07%
- **Salary Increase** 98,083  1.51%
  $130,000  2.00%

### Possible Economic Package #3
- **Dental Plan** $86,750  1.33%
- **Salary Increase** 43,250  0.67%
  $130,000  2.00%

### Possible Economic Package #4
- **Dental Plan** $86,750  1.33%
- **Salary Increase** 99,978  1.54%
- **Cost savings based on 10% employee contribution toward health insurance coverage** (56,728)  -0.87%
  $130,000  2.00%
Costing Out the Contract

Patrick Duncanson, Manager
Kurt Rabovich, Consultant
October 25, 2016

Costing Process

I. Identify All Economic Items
II. Ascertain Current Costs
III. Determine Anticipated Increases
IV. Cost Out All Economic Proposals
Steps:
   a. Gather data
   b. Devise formula
   c. Do calculations
V. Repeat IV as negotiations result in proposals and counterproposals
VI. Total Compensation Analysis

Data Gathering

1. SALARY BASE
2. NUMBER OF FTE TEACHERS
3. AVERAGE TEACHER SALARY
4. AVERAGE DAILY SALARY
5. HOURLY RATE
6. COST OF INCREMENT
    ETC.
### TEACHER SALARY GUIDE

#### 2023-2024

<table>
<thead>
<tr>
<th>Step</th>
<th>BA</th>
<th>MA</th>
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<tbody>
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<td>$50,230</td>
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<td>$52,230</td>
<td>$52,230</td>
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<td>$55,300</td>
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<td>6</td>
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<td>7</td>
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<td>$88,300</td>
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<tr>
<td>17</td>
<td>$91,300</td>
<td>$91,300</td>
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</table>

#### Scattergram

<table>
<thead>
<tr>
<th>Step</th>
<th>FTE</th>
<th>BA</th>
<th>Total $/Step</th>
<th>FTE</th>
<th>MA</th>
<th>Total $/Step</th>
</tr>
</thead>
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<td>$161,910</td>
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<td>116,750</td>
<td>0.0</td>
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<td>0</td>
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<td>3</td>
<td>3.0</td>
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<td>143,190</td>
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<td>4</td>
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<td>194,920</td>
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<td>202,920</td>
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<td>52,230</td>
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<td>0.0</td>
<td>53,200</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>22.0</td>
<td>78,900</td>
<td>1,727,000</td>
<td>14.0</td>
<td>80,500</td>
<td>1,127,000</td>
</tr>
</tbody>
</table>

**SALARY BASE: $6,500,000**

**FTE= 100**
Freezing the Scattergrams

- Assumes No Personnel Changes
- Constant for Remainder of Negotiations
- Provide to Union Early

Data Gathering

1. SALARY BASE $6,500,000
2. NUMBER OF FTE TEACHERS 100
3. AVERAGE TEACHER SALARY $________
4. AVERAGE DAILY SALARY $________
5. HOURLY RATE $________
6. COST OF INCREMENT $________

Calculating Average Salary Figures

Teacher's Average Annual Salary:
$6,500,000 / 100 = $65,000

Teacher's Average Daily Salary:
$65,000 / 185 = $351.35

Teacher's Average Hourly Rate:
$351.30 / 7 = $50.19
Data Gathering

1. SALARY BASE $ 6,500,000
2. NUMBER OF FTE TEACHERS ___ 100
3. AVERAGE TEACHER SALARY $ 65,000
4. AVERAGE DAILY SALARY $ 351.35
5. HOURLY RATE $ 50.19
6. COST OF INCREMENT $ ___

Cost of Increment

- Definition - Cost the Board will incur by advancing everyone who is not at maximum one step on the guide.
- Why Calculate?
- All Settlements Should be Inclusive of Increment
- How to Calculate Using Scattergram?

Increment

$ 6,617,965 - 6,500,000 $ 117,965

Total Cost of Increment

$ 117,965 / 6,500,000 = 1.81%
Data Gathering

1. SALARY BASE  $ 6,500,000
2. NUMBER OF FTE TEACHERS  100
3. AVERAGE TEACHER SALARY  $ 65,000
4. AVERAGE DAILY SALARY  $ 351.35
5. HOURLY RATE  $ 50.19
6. COST OF INCREMENT  $ 117,965

Or 1.81%

Converting % Increases to Dollar Increases

Union Proposal: 4.5% increase in salary

Total $ Increase: Salary Base X Percent
$ 6,500,000 X .045 = $ 292,500

Average $ Increase: Total $ Increase / FTE
$ 292,500 / 100 = $ 2,925

Converting Across-the-Board Dollar Increases to Percentages

Board Proposal:
$1,000 across-the-board increase

Average $ Increase X # FTE
Total Salary Base

$ 1,000 X 100
$6,500,000

= 1.53%
Additional Salary Payments

- LONGEVITY
- SUPERMAX
- OFF-GUIDE

Union Proposal

Longevity Pay:
To reward years of service in the Upper Tupper School District, teachers will be provided with an annual stipend as follows:

15 years of service............... $ 1,000
20 years of service............... $ 1,500
25 years of service ............. $ 2,000

Longevity Cost

<table>
<thead>
<tr>
<th>Proposal</th>
<th># Teachers</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000 @ 15 yrs</td>
<td>11</td>
<td>$11,000</td>
</tr>
<tr>
<td>$1,500 @ 20 yrs</td>
<td>7</td>
<td>$10,500</td>
</tr>
<tr>
<td>$2,000 @ 25 yrs</td>
<td>3</td>
<td>$6,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$27,500</td>
</tr>
</tbody>
</table>
Total Salary Base

Salary Guide Costs  $6,500,000
(from Scattergram 1)

Longevity Costs   + 27,500

Total Salary Base  $6,527,500

BENEFITS

COSTING OUT ANTICIPATED INSURANCE INCREASE

BASE YEAR Costs (of Health Insurance) X
Projected Premium Increase = Projected Increase

$ 1,045,139 x 18.09% (.01809)  =  $189,151
EFFECT OF HEALTH CARE CONTRIBUTION

Total Salary Base \times \text{Mandated Health Insurance Contribution} = \text{EE Contribution}

\[
\$6,617,965 \times 1.5\% (0.015) = \$99,269.48
\]

Projected Premium Increase - EE Contribution = Anticipated Increase

\[
\$189,151.48 - \$99,269.48 = \$89,882
\]

COSTING OUT DENTAL INSURANCE

<table>
<thead>
<tr>
<th>Type of Enrollment</th>
<th>Number of Employees</th>
<th>Annual Cost/Employee</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Party</td>
<td>23</td>
<td>$ 516</td>
<td>11,868</td>
</tr>
<tr>
<td>Two Party</td>
<td>46</td>
<td>$ 896</td>
<td>41,216</td>
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<tr>
<td>Three Party</td>
<td>31</td>
<td>$1,086</td>
<td>33,666</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td></td>
<td>86,750</td>
</tr>
</tbody>
</table>

TOTAL COMPENSATION ANALYSIS

- Identify Economic Provisions
- List Current Costs
- List Anticipated Increases
- Union Proposals
- Board Proposals
2.00% of Salary Base or $130,000

$6,500,000 \times 0.02 = $130,000

**BOARD PARAMETERS: 2.0% OR $130,000**

**POSSIBLE ECONOMIC PACKAGE #1**

- Longevity Plan 27,500 0.42%
- Increase in Extracurricular 4,417 0.07%
- Increase in Tuition Reimb. 11,000 0.17%
- Salary Increase 87,082 1.34%

$130,000 2.00%

**BOARD PARAMETERS: 2.0% OR $130,000**

**POSSIBLE ECONOMIC PACKAGE #2**

- Longevity Plan 27,500 0.42%
- Increase in Extracurricular 4,417 0.07%
- Salary Increase 98,083 1.51%

$130,000 2.00%
BOARD PARAMETERS: 2.0% OR $130,000

POSSIBLE ECONOMIC PACKAGE #3
- Dental Plan 86,750 1.33%
- Salary Increase 43,250 0.67%
$ 130,000 2.00%

BOARD PARAMETERS: 2.0% OR $130,000

POSSIBLE ECONOMIC PACKAGE #4
- Dental Plan 86,750 1.33%
- Salary Increase 99,943 1.54%
- Savings based on 10% contrib. to insurance (56,693) (0.87%)
$ 130,000 2.00%

BENEFITS OF TOTAL COMPENSATION ANALYSIS
- Keeps a handle on total costs
- Helps you stay within the Board’s parameters
- Underscores the fact that a dollar spent on benefits is a dollar not available for a salary increase
- It emphasizes that it is a limited pot of money
COSTING EXERCISE

Previously calculated information:

- Salary Increase,
- Longevity Data, and
- Dental Cost Data

COSTING EXERCISE SOLUTIONS

A. Board's Economic Package:

- $800 x 100 teachers ...................... $80,000
- $500 x 10 eligible teachers .................. $5,000
- $516 dental premium x 100 teachers ...... $51,600
- $300/year x 100 teachers .................. ($30,000)

$106,600 / $6,500,000 = 1.64% increase

COSTING EXERCISE SOLUTIONS

B. Union's Economic Package:

- $45 x 5,500,000 ......................... $242,500
- $1,000 stipend x 18 eligible teachers +
- $1,500 stipend x 3 eligible teachers .......... $22,500
- $516 dental premium x 100 teachers ....... $51,600

$366,600 / $6,500,000 = 5.64% increase
COSTING EXERCISE SOLUTIONS

C. Difference in Parties’ Positions:
   $366,600 - $106,600 = $260,000 or 4.00%

D. Board Room for Movement:
   $6,500,000 \times 0.02 = $130,000
   $130,000 - $106,600 = $23,400 or 0.36%

QUESTIONS?