



Costing Out the Contract

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Costing Process

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



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

	2017-2018	
Step	BA	MA
1	\$46,260	\$48,260
2	\$46,700	\$48,700
3	\$47,730	\$49,730
4	\$48,730	\$50,730
5	\$50,230	\$52,230
6	\$51,200	\$53,200
7	\$52,730	\$54,730
8	\$55,030	\$57,030
9	\$57,330	\$59,330
10	\$59,630	\$61,630
11	\$61,930	\$63,930
12	\$64,230	\$66,230
13	\$66,530	\$68,530
14	\$68,830	\$70,830
15	\$71,130	\$73,130
16	\$73,430	\$75,430
17	\$78,500	\$80,500



Scattergram

<u>Step</u>	<u>FTE</u>	<u>BA</u>	<u>Total \$/Step</u>	<u>FTE</u>	<u>MA</u>	<u>Total \$/Step</u>
1	3.5	46,260	\$161,910	1.0	48,260	\$48,260
2	2.5	46,700	116,750	0.0	48,700	0
3	3.0	47,730	143,190	1.0	49,730	49,730
4	4.0	48,730	194,920	4.0	50,730	202,920
5	3.0	50,230	150,690	1.0	52,230	52,230
6	1.0	51,200	51,200	0.0	53,200	0
17	22.0	78,500	1,727,000	14.0	80,500	1,127,000
	69.00		\$4,392,060	31.00		\$2,107,940



Scattergram

<u>Step</u>	<u>FTE</u>	<u>BA</u>	<u>Total \$/Step</u>	<u>FTE</u>	<u>MA</u>	<u>Total \$/Step</u>
1	3.5	46,260	\$161,910	1.0	48,260	\$48,260
2	2.5	46,700	116,750	0.0	48,700	0
3	3.0	47,730	143,190	1.0	49,730	49,730
4	4.0	48,730	194,920	4.0	50,730	202,920
5	3.0	50,230	150,690	1.0	52,230	52,230
6	1.0	51,200	51,200	0.0	53,200	0
17	<u>22.0</u>	78,500	<u>1,727,000</u>	<u>14.0</u>	80,500	<u>1,127,000</u>
	69.00		4,392,060	31.00		\$2,107,940

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 | \$ | <u>6,500,000</u> |
| 2. NUMBER OF FTE TEACHERS | | <u>100</u> |
| 3. AVERAGE TEACHER SALARY | \$ | <u> </u> |
| | \$ | <u> </u> |
| 4. AVERAGE DAILY SALARY | \$ | <u> </u> |
| | | <u> </u> |
| 5. HOURLY RATE | \$ | <u> </u> |
| | | <u> </u> |
| 6. COST OF INCREMENT | | <u> </u> |



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	\$ <u>6,500,000</u>
2. NUMBER OF FTE TEACHERS	<u>100</u>
3. AVERAGE TEACHER SALARY	\$ <u>65,000</u>
4. AVERAGE DAILY SALARY	\$ <u>351.35</u>
5. HOURLY RATE	\$ <u>50.19</u>
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

Scattergram 2
Scattergram 1

**Total Cost of
Increment**

$$\text{\$ 117,965} / \text{6,500,000} = \text{1.81\%}$$



Data Gathering

1. SALARY BASE	\$	<u>6,500,000</u>
2. NUMBER OF FTE TEACHERS		<u>100</u>
3. AVERAGE TEACHER SALARY	\$	<u>65,000</u>
4. AVERAGE DAILY SALARY	\$	<u>351.35</u>
5. HOURLY RATE	\$	<u>50.19</u>
6. COST OF INCREMENT	\$	<u>117,965</u>
		<i>Or 1.81%</i>



Converting % Increases to Dollar Increases

Union Proposal: 4.5% increase in salary

Total \$ Increase: Salary Base X Percent

$$\text{\$ 6,500,000} \times .045 = \text{\$ 292,500}$$

Average \$ Increase: Total \$ Increase / FTE

$$\text{\$ 292,500} / 100 = \text{\$ 2,925}$$



Converting Across-the-Board Dollar Increases to Percentages

Board Proposal:

\$1,000 across-the-board increase

$$\frac{\text{Average \$ Increase X \# FTE}}{\text{Total Salary Base}}$$

$$\frac{\$ 1,000 \times 100}{\$6,500,000} = 1.53\%$$



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

<u>Proposal</u>	<u># Teachers</u>	<u>Total Cost</u>
\$1,000 @ 15 yrs	11	\$11,000
\$1,500 @ 20 yrs	7	\$10,500
\$2,000 @ 25 yrs	3	<u>\$ 6,000</u>
		\$27,500



Total Salary Base

Salary Guide Costs

(from Scattergram 1)

\$6,500,000

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 X Mandated Health Insurance Contribution = EE Contribution

$$\text{\$ 6,617,965} \times 1.5 \% (.015) = \text{\$99,269.48}$$

Projected Premium Increase - EE Contribution = Anticipated increase

$$\text{\$ 189,151.48} - \text{\$99,269.48} = \text{\$89,882}$$



COSTING OUT DENTAL INSURANCE

Type of Enrollment	Number of Employees		Annual Cost/Employee		Total Cost
One Party	23	X	\$ 516	=	11,868
Two Party	46	X	896	=	41,216
Three Party	31	X	1,086	=	33,666
	<hr/>				<hr/>
	100				86,750



TOTAL COMPENSATION ANALYSIS

- Identify Economic Provisions
- List Current Costs
- List Anticipated Increases
- Union Proposals
- Board Proposals



2.00% of Salary Base or \$ 130,000

$$\text{\$ 6,500,000} \times .02 = \text{\$ 130,000}$$



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



QUESTIONS?

