



Andover Teacher Compensation

Double-digit pay hikes under proposed teachers' contract

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Why this report?

I prepared this report because Andover faces significant long-term financial challenges. As a town, we have a negative net worth, our liabilities exceed our assets. Unfunded pension and retiree health insurance liabilities exceed \$300 million. We need to fund between \$250 and \$400 million in town and school building projects. And we are facing cumulative budget deficits of more than \$15 million over the next five years and it's about to get worse.

Andover's school committee and Town Manager are about to sign a financially disastrous three-year teachers' contract that will produce unaffordable double-digit pay increases for most teachers. The school committee is providing misleading information to justify this overly generous contract so I hope this report provides some clarity.

COLA's are just icing on the cake

In their recently released "financial overview" of the teachers' contract, Andover's school committee implies that a "zero COLA" (cost of living adjustment) equates to a "zero salary increase". That is wrong and misleading. COLA's are simply the icing on the teacher compensation cake.

Case Study: "Sally Smith"

In this report, I use the example of a fictitious teacher, "Sally Smith" to illustrate the teacher compensation model that includes automatic STEP and COLA increases every year as well as opportunities for TRACK increases. This report does not cover other forms of teacher compensation including longevity pay and stipends for extra-curricular activities.

Let’s start with the basics of teacher compensation

Andover's teachers are paid according to a Salary Table. The table has 14 “STEPS” and 7 “TRACKS”.

STEP: Teachers begin at a STEP commensurate with their experience and then automatically move up to the next STEP’s pay level with each year of employment. A recent college grad may start at STEP 1 while a more experienced teacher may start at STEP 5.

TRACK relates to the teacher's level of education. In addition to a Bachelors, Masters, and Doctorate TRACK, there are TRACKs in between for teachers that complete the required number of credits (e.g. Masters plus 30 credits). As you see in the table, salary levels for all STEPS increase with a change in TRACK.

COLA (“cost of living adjustment”) is simply a percentage increase in every salary amount in the salary table. Under the proposed teachers’ contract, every salary number in the 2017 table below will increase by **1.5%** in 2018, then that table will increase by **2.0%** in 2019 and then that table will increase by **2.85%** in 2020. (Note the compounding effect! Three-year COLA’s of 6.35% actually equate to a 6.5% COLA with compounding.)

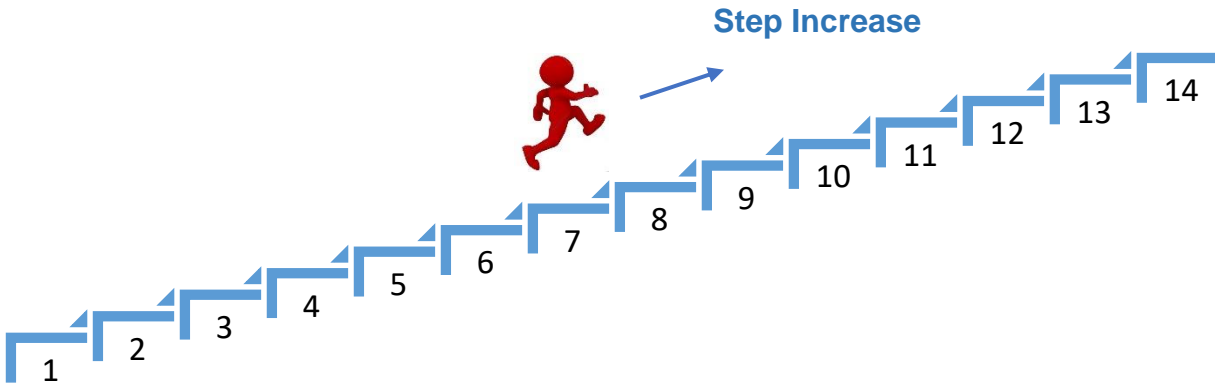
Here is the current salary table for 2017 prior to the implementation of the proposed new contract:

TEACHER'S ANNUAL SALARY SCHEDULE (2016-2017)							
TRACKS >>	BACHELOR	B+30	MASTERS	M+30	M+60	M+75	DOCTOR
Step 1	\$45,220	\$47,219	\$50,104	\$53,383	\$56,556	\$58,700	\$63,343
Step 2	\$46,516	\$49,079	\$52,285	\$55,402	\$58,556	\$60,700	\$65,518
Step 3	\$48,386	\$51,526	\$54,879	\$58,556	\$61,164	\$63,310	\$68,439
Step 4	\$50,249	\$53,386	\$56,888	\$60,009	\$63,162	\$65,309	\$70,674
Step 5	\$52,142	\$55,286	\$59,074	\$62,200	\$65,366	\$67,509	\$73,134
Step 6	\$54,006	\$57,144	\$61,447	\$64,585	\$67,787	\$69,931	\$75,849
Step 7	\$55,868	\$59,007	\$63,787	\$66,936	\$70,164	\$72,308	\$78,504
Step 8	\$57,179	\$61,118	\$66,200	\$69,378	\$72,526	\$74,675	\$81,150
Step 9	\$60,108	\$63,427	\$68,651	\$71,839	\$74,863	\$77,009	\$83,763
Step 10	\$62,315	\$65,745	\$71,096	\$74,213	\$77,208	\$79,352	\$86,366
Step 11	\$65,157	\$68,684	\$74,170	\$77,079	\$79,924	\$82,072	\$89,410
Step 12	\$69,295	\$73,329	\$79,099	\$82,070	\$84,946	\$87,091	\$93,461
Step 13	\$73,437	\$77,970	\$84,021	\$87,056	\$89,972	\$92,116	\$97,513
Step 14	\$76,153	\$80,853	\$87,131	\$90,276	\$93,296	\$95,445	\$101,121

Appendix A shows how many teachers fall into each STEP and TRACK category.

CASE STUDY: "Sally Smith"

One way to illustrate teacher compensation is to look at a single teacher.



Meet Sally Smith:

Sally is a teacher in Andover Public Schools currently on STEP 7 on the "Masters" TRACK. Her current salary in 2017 is \$63,787 as shown in the table on page 2 and the chart below.

Sally will automatically move up one STEP each year eventually reaching STEP 10 in FY20. STEP increases alone will raise Sally's total pay by **11.5%** for the three-year period:

	Base Year	New Contract Period			
	FY17	FY18	FY 19	FY 20	3 yr. increase
Salary	\$63,787	\$66,200	\$68,651	\$71,096	\$7,309
STEP Increase		3.8%	3.7%	3.6%	11.5%

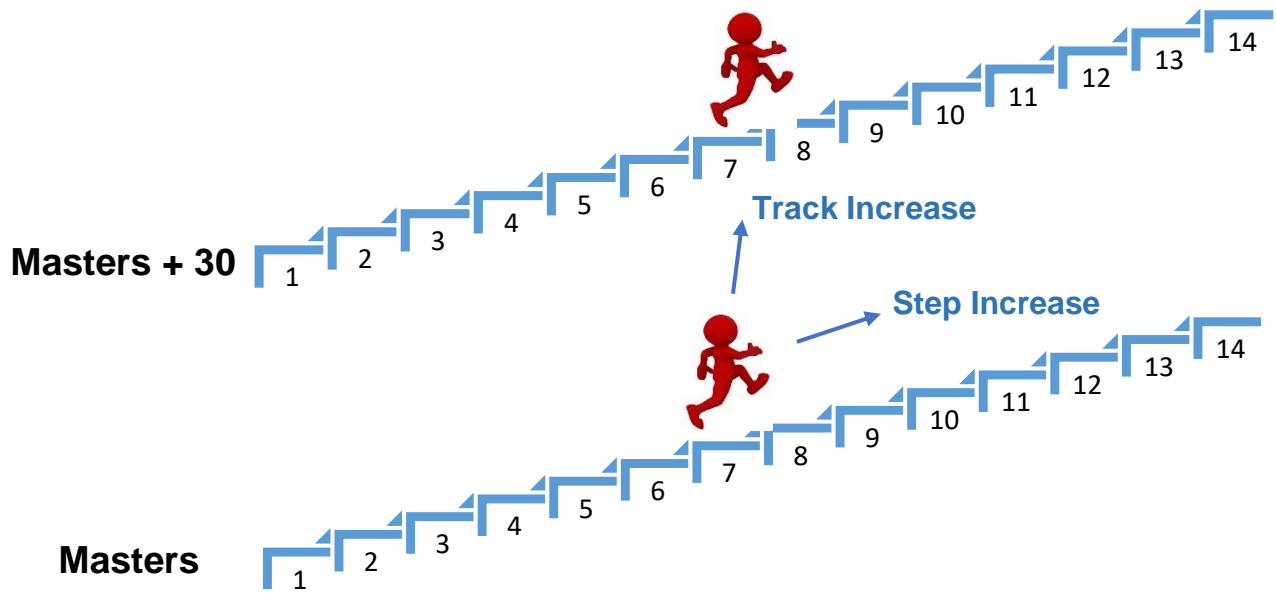
Now let's see the impact of adding the proposed COLA's on top of the STEP increases. Sally's total pay increase jumps to **18.7%** for the three-year period:

	Base Year	New Contract Period			
	FY17	FY18	FY 19	FY 20	3 yr. increase
Salary	\$63,787	\$67,193	\$71,074	\$75,703	\$11,916
STEP Increase		3.8%	3.7%	3.60%	11.5%
COLA Increase		1.5%	2.0%	2.85%	6.35%
Total Increase		5.3%	5.7%	6.45%	*18.7%

*compounded

See the next page for what happens if Sally changes TRACK as well >>>>>

TEACHER COMPENSATION



Sally moves up a TRACK:

Sally has been taking course credits that allow her to move from the “Masters” TRACK on the salary table to “Masters+30”. Let’s assume this happens in FY19, the second year of the new contract. In that year, Sally will get a STEP, COLA, and a one-time TRACK increase.

This chart below shows the impact of Sally moving up to the next TRACK, “Masters +30” in year two which brings her total 3-year pay increase to **23.9%**.



	Base Year	New Contract Period			3 yr. increase
	FY17	FY18	FY 19	FY 20	
Salary	\$63,787	\$67,193	\$74,375	\$79,022	\$15,235
STEP Increase		3.8%	3.7%	3.30%	10.8%
COLA Increase		1.5%	2.0%	2.85%	6.35%
TRACK Increase			4.9%		4.9%
Total Increase		5.3%	10.6%	6.15%	*23.9%

*compounded

Final thoughts

Double Digit Pay Increases. The compounding effect of annual STEP and COLA increases results in double-digit pay raises for all but the highest-paid teachers over the next three years.

3-YEAR PAY INCREASE UNDER NEW TEACHER CONTRACT								
Starting 2017	Ending 2020	TRACK						
		BACHELOR	B+30	MASTERS	M+30	M+60	M+75	DOCTOR
Step 1	Step 4	18.3%	20.4%	20.9%	19.7%	18.9%	18.5%	18.8%
Step 2	Step 5	19.4%	19.9%	20.3%	19.5%	18.9%	18.4%	18.9%
Step 3	Step 6	18.8%	18.1%	19.2%	17.4%	18.0%	17.6%	18.0%
Step 4	Step 7	18.4%	17.7%	19.4%	18.8%	18.3%	17.9%	18.3%
Step 5	Step 8	16.8%	17.7%	19.3%	18.8%	18.1%	17.8%	18.2%
Step 6	Step 9	18.5%	18.2%	19.0%	18.4%	17.6%	17.3%	17.6%
Step 7	Step 10	18.8%	18.6%	18.7%	18.1%	17.2%	16.9%	17.1%
Step 8	Step 11	21.3%	19.7%	19.3%	18.3%	17.3%	17.0%	17.3%
Step 9	Step 12	22.8%	23.1%	22.7%	21.6%	20.8%	20.4%	18.8%
Step 10	Step 13	25.5%	26.3%	25.8%	24.9%	24.1%	23.6%	20.2%
Step 11	Step 14	24.4%	25.3%	25.1%	24.7%	24.3%	23.8%	20.4%
Step 12	Step 14	17.0%	17.4%	17.3%	17.1%	16.9%	16.7%	15.2%
Step 13	Step 14	10.4%	10.4%	10.4%	10.4%	10.4%	10.3%	10.4%
Step 14	Step 14	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

Everyone gets a trophy. The compensation system for Andover’s teachers does not distinguish between teachers that excel and those that don’t. Not one dime of teacher compensation is merit-based. It is a system designed to benefit teachers, not our students.

COLA’s The common justification for COLA’s is the significant number of teachers on STEP 14 who no longer get automatic STEP increases. Then why are COLA’s given to ALL teachers? COLA’S should be limited to STEP 14 teachers and should be based on a true cost of living inflation index. The COLA for Social Security recipients was zero in 2016 and 0.3% in 2017.

Andover is facing massive unfunded pension and OPEB liabilities. We need to fund at least \$250 million in new school and town building projects. And we face growing operating budget deficits. The proposed teachers’ contract will make it worse. Higher pay for existing teachers will consume future school budgets and will crowd out funds for other school needs.

TEACHER COMPENSATION

Appendix A: How many teachers are on each STEP and TRACK?

The chart below shows the distribution of Andover’s teacher positions (FTE’s) by STEP and TRACK. This data is a projection for the fiscal year 2018 and includes estimates for new hires at “M7” (Masters TRACK, STEP 7).

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Andover Teacher Positions										
Track & Step Scattergram										
		Track								
		Bachelor’s	B+30	Masters	M+30	M+60	M+75	Doctorate	Totals	%
Step	1								0.0	0%
	2	1.0		8.5	0.5				10.0	2%
	3	5.8		11.4	1.0				18.2	3%
	4	5.1		11.5	1.0				17.6	3%
	5	5.0		9.6	2.4	1.0		0.8	18.8	3%
	6	1.0		12.5	5.7				19.2	3%
	7	2.0		36.6	4.0	1.0			43.6	8%
	8	3.0		9.6	3.0				15.6	3%
	9	2.0		13.5	7.0	2.5	2.0		27.0	5%
	10	1.0		11.5	7.0	3.0			22.5	4%
	11	1.0	1.0	10.5	8.0	4.5	2.0	1.0	28.0	5%
	12	2.0		10.8	3.0		3.0	1.0	19.8	3%
	13	1.0		16.0	11.0	2.0	7.0		37.0	6%
	14	5.0	12.0	37.4	52.7	20.5	162.7	4.5	294.8	52%
TOTALS		34.9	13.0	199.4	106.3	34.5	176.7	7.3	572.1	100%
Projected FY18 FTE Counts as of 5/9/2017 (including estimates for new hires at M7)										