

Teachers Compensation Analysis



MAGNOLIA
EDUCATIONAL & RESEARCH
FOUNDATION

For 2016-17 Budget (3/9/2016)

Plan for the highest affordable salary increase

Consider rising STRS expenses

Address issues from teachers and principals

Commit a proportional share of new revenue to comp

Complete process to issue contracts in March

- ❖ Push salaries up to be as competitive as possible with surrounding school districts and charters.
- ❖ While maintaining our model, placing a high priority on the learning environment through deans, student activities and paid extra duties for teachers.

Consider rising STRS expenses

- ❖ The State Teachers' Retirement System (STRS) has notified the state that employer and employee contributions will rise dramatically to cover the underfunding of the projected cost of current and future retirees.

Planning Factors	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
CalSTRS Employer Rate	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%

- ❖ We need to be careful not to raise salaries now by more than we will be able to afford in future years.

Address issues from teachers and principals

Issue	Action
Keep great benefits while adding flexibility and new coverage for disability	Rebid benefits management contract to get more competitive rates and packages for same or lower cost
Provide more job security year to year	Create 1, 3 and 5 year contract offers
Remove the difference in pay between teachers, teaching different subjects	Included in this proposal
Increase flexibility to compete for hard to find talent	Included in this proposal
Maintain annual bonus pool	Included in this proposal

Commit a proportional share of new revenue to compensation

- ❖ To achieve this, we established the compensation funding pool by totaling all new general funds, non-facilities funding and setting aside the same percentage of the revenue that was committed in the 2015-16 budget for total teachers' salaries and benefits.

Total New General Fund Revenue	\$1,790,489
% of 2015-16 Non-Capital Budget for Teachers' Com	48.00%
Affordable Teachers' Compensation Pool	\$859,435

Here are the calculations...

<u>School</u>	<u>Total General Revenue 2015-16</u>	<u>2015-16 Revenue per ADA</u>	<u>Total General Revenue 2016-17</u>	<u>2016-17 Revenue per ADA *</u>	<u>Total General Revenue Variance</u>	<u>Variance Revenue per ADA</u>	<u>Total General Revenue Variance</u>	<u>Total Pool for Comp Increase 2016-17 @ 48%</u>
MSA-1	\$4,905,366	\$9,417	\$5,251,162	\$10,081	\$345,796	\$664	7%	\$165,981.97
MSA-2	\$4,160,904	\$8,808	\$4,528,779	\$9,587	\$367,875	\$779	9%	\$176,579.97
MSA-3	\$4,032,747	\$9,239	\$4,246,515	\$9,729	\$213,768	\$490	5%	\$102,608.64
MSA-4	\$1,632,186	\$8,998	\$1,744,306	\$9,616	\$112,120	\$618	7%	\$53,817.40
MSA-5	\$1,219,836	\$8,384	\$1,331,954	\$9,154	\$112,118	\$771	9%	\$53,816.40
MSA-6	\$1,367,553	\$8,342	\$1,468,294	\$8,957	\$100,741	\$615	7%	\$48,355.63
MSA-7	\$2,393,833	\$8,481	\$2,538,128	\$8,992	\$144,295	\$511	6%	\$69,261.72
MSA-8	\$4,159,683	\$8,681	\$4,402,207	\$9,187	\$242,524	\$506	6%	\$116,411.69
MSA-SD	\$3,324,429	\$8,102	\$3,367,816	\$8,208	\$43,387	\$106	1%	\$20,825.81
MSA-SC	\$715,916	\$6,898	\$777,129	\$7,488	\$61,213	\$590	9%	\$29,382.43
MSA-SA	\$999,289	\$7,105	\$1,045,942	\$7,436	\$46,652	\$332	5%	\$22,393.10
Total	\$28,911,742	\$8,405	\$30,702,231	\$8,949	\$1,790,489	\$544	6%	\$859,434.78

- ❖ Traditional school districts notify teachers of new contracts on March 15.
- ❖ Teachers decide to stay/leave usually by April.
- ❖ Job insecurity can lead teachers to look for new jobs.
- ❖ Therefore, in addition to multi-year contracts for high performing teachers, we need to issue new contracts no later than March if possible.

Current salary scale

- ❖ Our current salary scale already provides an automatic increase for staff just for staying another year because part of our qualifications pay includes the length of Magnolia service years.
- ❖ If the board takes no action, salaries automatically rise by about \$1,000 per teacher annually.

Salary	2015-16	2016-17 (with no salary scale changes)
Minimum	\$41,615	\$46,081
Average	\$51,981	\$54,798
Maximum	\$66,310	\$67,731

Current Salary Calculation:

- ❖ Base salary: varies by about \$2,000 (\$39k-\$41k) among schools based on a combination of size, location and student demographics

Plus

- ❖ Qualifications: applies a weighted point scale considering: credential status, degrees, subject matter taught, and years of service outside of Magnolia and inside of Magnolia

Plus

- ❖ Extra Duty Pay (clubs, department chair, etc.)
-

- ❖ Teachers also qualify for \$0-\$2,000 for performance bonuses
- ❖ Tuition reimbursement
- ❖ Great benefits
- ❖ Professional development

1

Maintain structure of current salary scale, including annual increase

2

Equalize subject matter pay and add one percent to base pay; hold harmless teachers already paid over-scale

3

Create a one percent performance bonus pool and a one percent flexibility fund for hard to find talent

2016-17 Proposal

Equalize subject matter pay per teacher (excluding benefits)

<u>School</u>	<u>Current Average</u>	<u>Proposed</u>	<u>Variance</u>
MSA-1	\$3,045	\$4,060	\$1,015
MSA-2	\$3,248	\$4,060	\$812
MSA-3	\$3,322	\$4,060	\$738
MSA-4	\$2,944	\$4,060	\$1,117
MSA-5	\$3,158	\$4,060	\$902
MSA-6	\$3,335	\$4,060	\$725
MSA-7	\$4,060	\$4,060	\$-
MSA-8	\$4,060	\$4,060	\$-
MSA-SA	\$3,045	\$4,060	\$1,015
MSA-SC	\$3,383	\$4,060	\$677
MSA-SD	\$2,876	\$4,060	\$1,184
Average	\$3,316	\$4,060	\$744

Increase base by 1% (excluding benefits)

<u>School</u>	<u>Current Base</u>	<u>Current Base +1%</u>	<u>Variance +1%</u>
MSA-1	\$40,600	\$41,006	\$406
MSA-2	\$40,600	\$41,006	\$406
MSA-3	\$41,615	\$42,031	\$416
MSA-4	\$39,585	\$39,981	\$396
MSA-5	\$40,600	\$41,006	\$406
MSA-6	\$39,585	\$39,981	\$396
MSA-7	\$40,600	\$41,006	\$406
MSA-8	\$41,615	\$42,031	\$416
MSA-SD	\$40,600	\$41,006	\$406
MSA-SC	\$41,615	\$42,031	\$416
MSA-SA	\$39,585	\$39,981	\$396
Average	\$40,600	\$41,006	\$406

2016-17 Proposal Affordability

<u>School</u>	<u>Total Pool for Comp Increase 2016-17</u>	<u>Cost of Current Scale Increase 2016-17</u>	<u>Cost of Subject Equalization Increase 2016-17</u>	<u>Cost Per 1% of Base Increase 2016-17</u>	<u>Total Proposed Increase 2016-17*</u>	<u>Affordability</u>
MSA-1	\$165,981.97	\$42,630.00	\$30,450.00	\$16,422.08	\$105,924.16	\$60,057.81
MSA-2	\$176,579.97	\$35,525.00	\$20,300.00	\$14,312.95	\$84,450.90	\$92,129.07
MSA-3	\$102,608.64	\$31,485.30	\$16,240.00	\$11,982.58	\$71,690.47	\$30,918.17
MSA-4	\$53,817.40	\$14,108.50	\$11,165.00	\$5,439.15	\$36,151.79	\$17,665.61
MSA-5	\$53,816.40	\$12,789.00	\$8,120.00	\$4,794.11	\$30,497.22	\$23,319.18
MSA-6	\$48,355.63	\$9,875.95	\$5,075.00	\$3,668.89	\$22,288.73	\$26,066.90
MSA-7	\$69,261.72	\$18,473.00	\$-	\$7,073.97	\$32,620.95	\$36,640.78
MSA-8	\$116,411.69	\$28,623.00	\$22,330.00	\$10,858.64	\$72,670.28	\$43,741.41
MSA-SD	\$20,825.81	\$21,335.22	\$21,315.00	\$9,136.66	\$60,923.55	\$(40,097.73)
MSA-SC	\$29,382.43	\$12,880.35	\$6,090.00	\$5,023.79	\$29,017.94	\$364.49
MSA-SA	\$22,393.10	\$15,631.00	\$11,165.00	\$5,690.82	\$38,177.64	\$(15,784.54)
Total	\$859,434.78	\$243,356.32	\$152,250.00	\$94,403.65	\$584,413.61	\$275,021.16

*Includes bonus pool and principal flexibility pool

2016-17 Proposal Affordability

<u>School</u>	<u>Total Pool for Comp Increase 2016-17</u>	<u>Increase of Employee Benefits</u>	<u>Total Proposed Increase 2016-17 (Including Benefits)</u>	<u>Affordability Revised</u>	<u>Affordability</u>
MSA-1	\$165,981.97	\$31,450.85	\$137,375.01	\$28,606.96	\$60,057.81
MSA-2	\$176,579.97	\$25,075.04	\$109,525.94	\$67,054.02	\$92,129.07
MSA-3	\$102,608.64	\$21,286.23	\$92,976.70	\$9,631.94	\$30,918.17
MSA-4	\$53,817.40	\$10,734.14	\$46,885.93	\$6,931.47	\$17,665.61
MSA-5	\$53,816.40	\$9,055.19	\$39,552.41	\$14,263.99	\$23,319.18
MSA-6	\$48,355.63	\$6,617.94	\$28,906.67	\$19,448.96	\$26,066.90
MSA-7	\$69,261.72	\$9,685.77	\$42,306.71	\$26,955.01	\$36,640.78
MSA-8	\$116,411.69	\$21,577.16	\$94,247.44	\$22,164.26	\$43,741.41
MSA-SD	\$20,825.81	\$18,089.33	\$79,012.88	\$(58,187.07)	\$(40,097.73)
MSA-SC	\$29,382.43	\$8,615.97	\$37,633.90	\$(8,251.47)	\$364.49
MSA-SA	\$22,393.10	\$11,335.65	\$49,513.29	\$(27,120.19)	\$(15,784.54)
Total	\$859,434.78	\$173,523.27	\$757,936.88	\$101,497.90	\$275,021.16

*Includes bonus pool and principal flexibility pool

Mitigating Circumstances

These schools have lower per Average Daily Attendance (ADA) revenue in general because of having fewer Title 1 eligible students. The new Local Control Funding Formula (LCFF) heavily favors schools with predominately historically underserved populations.

- ❖ Santa Ana: Growth in enrollment of disproportionately Title 1 eligible students will compensate for variance and underscores the need for the raise, to attract highly qualified staff.
- ❖ Santa Clara: Compensating cuts can be found elsewhere in the budget.
- ❖ San Diego: In addition to having a low percentage of historically underserved populations, MSA San Diego is moving from an extremely low cost facility into one that requires the typical 10-15% of revenue. This puts a tighter squeeze on the budget overall, providing less slack to address unanticipated costs and future economic shocks. Nevertheless, we believe that the \$58,000 deficit in the teachers' compensation line items anticipated in this analysis can be addressed in the \$3.4 million budget through enrollment increases that only bring marginal cost increases.

- Plan for the highest affordable salary increase** ★
- Consider rising STRS expenses** ★
- Address issues from teachers and principals** ★
- Commit a proportional share of new revenue to comp** ★
- Complete process to issue contracts in March** ★