

## TEACHERS' SALARY STRUCTURE

### March 2009 Update

#### **School Personal Services**

School Personal Services expense in FY10 is budgeted at \$44.9 million or approximately 83% of the School budget. Although Personal Services includes wages for several categories of employees, salaries for teachers comprise the substantial majority of this expense.

<b>Wellesley School Personnel</b>			
	<b>Full Time Equivalent</b>	<b>Personal Services</b>	
<b>Senior Supervisory</b>	34	7%	Central office administrators, principals and assistants, administrative time of department heads & directors.
<b>Teachers &amp; Professional Support</b>	436	74%	Classroom teachers, librarians, special educators, guidance counselors, therapists, technology specialists.
<b>Classroom and Other Teaching Support</b>	159	10%	Teaching assistants, technology assistants, paraprofessionals.
<b>Administration and Operations</b>	64	9%	Secretarial, clerical, and business office staff, custodial & maintenance staff, van drivers.
	<u><b>693</b></u>	<u><b>100%</b></u>	

The School Department has five collective bargaining units; Teachers Unit A, representing approximately 446 employees, including classroom teachers, professional support and nurses, Unit B representing approximately 35 instructional administrators and some supervisory staff, Secretaries, Custodians, and Food Service. Approximately 25% of employees are not covered by collective bargaining. As of the time of writing, contracts had been settled with all but the Custodians and Food Service units.

#### **Teachers' Salary Structure**

The Wellesley teachers' salary structure is subject to collective bargaining. Collective bargaining contracts between the Wellesley School Committee and the Wellesley Teachers' Association, as in other Towns, typically cover three-year periods. The current contract, which was settled in September 2008, became effective as of July 1, 2008 and expires on June 30, 2011, and therefore covers FY09, FY10, and FY11.

Salary is determined by two components in the contract. The first is a system of "steps and lanes" that comprise a salary schedule. The second component is an annual percentage increase that is usually applied to the entire salary schedule. The combination of the steps and lanes and the schedule percentage adjustment determines a teacher's annual salary.

- **Step and Lane Increases**

In Wellesley, as in most Massachusetts public schools, the system of “steps and lanes” has been used to recognize experience and educational accomplishment. When a teacher is hired, compensation is based on the number of years of teaching experience (the step), as well as the level of college or post-college training achieved (the lane). Wellesley currently uses 13 annual steps and 4 lanes to quantify these factors. Under the terms of the new contract, the 13 annual steps will increase to 15 steps beginning in FY10.

Each year, a teacher advances to the next salary “step,” until he or she reaches the top “step,” thereby receiving a pre-determined salary increase. Wellesley teachers who have completed 20 years of service, and therefore are at the top step, receive an annual “longevity stipend” supplement. Teachers may also receive increases through a “lane” change when they earn a sufficient number of additional education credits. Teachers who have attained a higher educational level, and have notified the Superintendent by November 1<sup>st</sup> of the prior school year of their intent to advance to a higher educational level, receive a “lane” increase.

In FY09 and in years past, the annual salary increase due to advancing from one step to the next is not consistent throughout the salary schedule; in FY09 the smallest increase is 2.98% and the largest is 8.58% with the largest increases concentrated at the Masters steps 6 and step 7 levels. This is an item that can be bargained as part of the contract negotiations.

- **Annual Percentage Increase**

In addition to steps and lanes, there is an annual contractual overall percentage increase applied to all steps and lanes, which, in effect, creates an entirely new schedule. Although this percentage increase is similar to a ‘cost-of-living’ increase, the contract does not describe it as such.

### **Key Terms of New Contract**

The newly negotiated contract provides for annual percentage increases during the three-year contract term, the addition of two new steps at the bottom of the scale beginning in FY10, the equalization of the percentage increases between steps beginning in FY10, and the movement of teachers from their respective FY09 step to the corresponding step on the 15-step FY10 schedule.

- **Annual Percentage Increases**

FY09 – a 1% increase on steps 1-12 and 3% on step 13

FY10 – a 3% increase on all steps in the revised salary scale

FY11 – a 3% increase on all steps in the salary scale

These increases compare to 3.25% annual increases in the prior contract (FY06-FY08). In FY06 and FY07, teachers received two base salary increases – a 2.0% increase on July 1, 2005 and 2006, and a 1.25% mid-year increase on January 1, 2006 and 2007. For FY08 base salaries increased the full 3.25% on July 1, 2007, resulting in a year-over-year salary increase of 3.89% on an “implemented” or effective basis.

- **Addition of New Steps**

Beginning in FY10 the salary schedule will increase from 13 steps to 15 steps with the addition of two new steps at the bottom end of the scale.

- **Equalization Between Steps**

The percentage increase between steps on all lanes of the scale was equalized in FY10 to 4.17%. The 4.17% increase is below the *average* step increases in the FY08 contract of 4.67% for the B.A., 4.93% for M.A., and 4.84% for M.A. +30 and M.A. +60 lanes.

- **FY10 Teacher Movement on Equalized Steps**

To accommodate the new salary scale with the additional new steps added at the bottom of the scale, teachers will move from the step where they were during FY09 to the corresponding step on the 15-step FY10 schedule – which is a movement up of 2 steps. For example, a teacher at step 5 in FY09 would move to step 7 on the FY10 salary scale.

In addition to the above changes applicable to the teachers, the schools also revised the Nurses Salary Schedules on substantially the same basis with similar annual percentage increases and step equalization. Given that there are only 14 employees covered by the Nurses Salary Schedule, the dollar impact of the change in contract terms is not large.

**New Salary Schedules and Their Impact on Salary Structure**

The newly-negotiated contract salary schedules, which incorporate the key step and annual percentage increases discussed above, are as follows:

<b>FY09 - Teacher Salary Schedule</b>				
<b>Step</b>	<b>Bachelors</b>	<b>Masters</b>	<b>Masters + 30</b>	<b>MA+60/Doctor</b>
1	\$42,394	\$45,349	\$49,350	\$52,807
2	44,507	47,244	51,673	55,294
3	46,401	48,933	53,783	57,546
4	48,512	51,673	55,892	59,809
5	51,444	53,783	58,211	62,293
6	54,374	58,242	62,885	67,277
7	57,303	63,239	68,205	72,973
8	59,397	65,529	70,654	75,593
9	61,490	67,819	73,103	78,213
10	63,398	69,913	75,345	80,616
11	65,303	72,006	77,587	83,016
12	69,112	76,191	82,077	87,818
13	73,299	80,811	87,048	93,139

**+30, +60**, refers to number of credit hours of additional education beyond degree level

**Longevity Stipend.** After 20 years of service an increase of the lesser of \$2,461 or 3% of salary.

*(reflects a 1.0% increase on steps 1-12 and 3.0% on the top step)*

**FY10 - Teacher Salary Schedule**

<b>Step</b>	<b>Bachelors</b>	<b>Masters</b>	<b>Masters + 30</b>	<b>MA+60/Doctor</b>
1	\$42,633	\$47,001	\$50,630	\$54,170
2	44,409	48,959	52,739	56,426
3	46,259	50,999	54,936	58,778
4	48,186	53,124	57,225	61,227
5	50,194	55,338	59,609	63,779
6	52,285	57,644	62,093	66,436
7	54,463	60,046	64,680	69,205
8	56,732	62,548	67,374	72,089
9	59,096	65,154	70,181	75,092
10	61,559	67,869	73,105	78,221
11	64,124	70,696	76,151	81,480
12	66,796	73,642	79,324	84,875
13	69,579	76,710	82,630	88,411
14	72,478	79,906	86,073	92,095
15	75,498	83,235	89,659	95,933

**+30, +60**, refers to number of credit hours of additional education beyond degree level

**Longevity Stipend.** After 20 years of service an increase of the lesser of \$2,535 or 3% of salary.

*(3.0% over FY10 Equalized Steps; teachers on steps move up 2 steps in FY10 over FY09)*

**FY11 - Teacher Salary Schedule**

<b>Step</b>	<b>Bachelors</b>	<b>Masters</b>	<b>Masters + 30</b>	<b>MA+60/Doctor</b>
1	\$43,912	\$48,411	\$52,149	\$55,795
2	45,741	50,428	54,321	58,119
3	47,647	52,529	56,584	60,541
4	49,632	54,718	58,942	63,064
5	51,700	56,998	61,397	65,692
6	53,854	59,373	63,956	68,429
7	56,097	61,847	66,620	71,281
8	58,434	64,424	69,395	74,252
9	60,869	67,109	72,286	77,345
10	63,406	69,905	75,298	80,568
11	66,048	72,817	78,436	83,924
12	68,800	75,851	81,704	87,421
13	71,666	79,011	85,109	91,063
14	74,652	82,303	88,655	94,858
15	77,763	85,732	92,349	98,811

**+30, +60**, refers to number of credit hours of additional education beyond degree level

**Longevity Stipend.** After 20 years of service an increase of the lesser of \$2,611 or 3% of salary.

*(3.0% over FY10)*

In order to assess the impact of the newly-contracted salary schedules on the aggregate teacher salary expense, a hypothetical analysis was completed for the years FY09-FY11 as follows: 1) assume that the actual teacher distribution by step in FY08 simply “aged up” one step on to the FY09 salary schedule (i.e., with no retirements or new hires); 2) assume that the actual teacher distribution by step in FY09 moved up by two steps on to the new FY10 15-step equalized salary schedule, per the terms of the new contract (and again assuming no retirements or new hires); and 3) the resultant FY10 teacher distribution from 2) above moved up one step to the FY11 salary schedule.

	FY09	FY10	FY11
Effect of Step Movement/Equalization	2.48%	1.66%	2.19%
Effect of Annual % Increase	2.10%	3.00%	3.00%
<b>Total Implied Salary Increase</b>	<b>4.58%</b>	<b>4.66%</b>	<b>5.19%</b>

The first line of the table above shows the hypothetical impact of movement on the steps; the second line the impact of the across-the-board increases applied to the salary schedules in each year. The numbers in the first line are well below the average increase between steps on the salary schedules, of 4.66% for FY09, and 4.17% for FY11, since a large percentage of teachers are already at the top step, and no longer benefit from step increases. In the second line, the FY09 numbers reflect a blend of the across-the-board increases of 1% (for teachers still on steps) and 3% (for teachers on the top step); for FY10 and FY11, these increases are 3% for all teachers. Every teacher still on steps will receive a pay increase of 7.17% in FY11, comprising the 4.17% step increase and the 3.0% across-the-board increase.

The actual experience pattern of Wellesley teachers has changed somewhat in the past ten years, as shown in the following table. Since FY98, there has been a significant shift toward the mid-range in years of experience, as well as a shift from fewer Bachelor degree hires to more Master degree hires. However, in the last several years this profile of experience and education has remained generally stable and is expected to remain stable. As shown in the table below, some 43% of teachers are on the top step in the current fiscal year, while the median teacher is on step 11.

<b>Wellesley Teacher Profile</b>			
<b>Years of Experience (Step)</b>	<b>FY98</b>	<b>FY08</b>	<b>FY09</b>
Steps 1 to 5	26%	18%	16%
Steps 6 to 12	12%	41%	41%
Steps $\geq$ 13	62%	41%	43%
Median Step	13	11	11
<b>Education</b>			
Bachelors	17%	10%	10%
Masters	41%	48%	44%
Masters + 30 credits or Doctorate	42%	42%	46%

### ***Total Salary Costs***

As noted above, the salary for an individual teacher is determined by a combination of their “step and lane” changes and the annual percentage increase, while the average teacher salary and the total salary costs reflect a weighting based on how many teachers occupy each position on the salary schedule. When teachers retire or leave and are replaced by less experienced teachers at lower salaries, average salary is lowered, thereby reducing the total personal services budget by “turnover.” The School Department can exercise some discretion during the hiring process as to what ‘step’ and ‘lane’ a teacher is brought into the system. Although newly hired teachers vary in their experience levels, the budgeting assumption has been that new hires have a Masters degree and 5 years of experience. This is a reasonable assumption since the Massachusetts Department of Elementary and Secondary Education now requires all teachers to attain at least a Masters degree in order to receive Professional Licensure. If the average experience and educational level of teachers were to remain constant between any two years, then “turnover” savings would effectively balance out “steps and lanes” increases. However, in any given year, the average experience/education level, determined by new hires and educational advancement and the profile of retirements and other departures, can change substantially, resulting in ‘turnover’ savings either higher or lower than the “steps and lanes” increases. Turnover savings are partly predictable, if pending retirements are announced well in advance of the fiscal year in which they take effect. But mostly the information becomes available only after the budget is prepared, so an allowance based on prior experience is incorporated into the budget. A significant variance in actual turnover from that forecast will result in a favorable or unfavorable variance in actual spending compared to budget.

### ***Comparison to Teacher Salaries in Other Towns***

As described above, there is a difference between individual teachers’ salaries depending on their position on the salary schedule, and the average salary for all teachers in the School Department. In the table below, Wellesley’s teachers’ salaries for FY09 are compared to ten similar towns – by specific positions on the salary schedules. The Comparative Salary Schedules table ranks salaries at the minimum and maximum step for three of Wellesley’s lanes: Masters, Masters plus 30 credits, and Masters plus 60 credits or Doctorates. The only Wellesley lane not included in the table is the Bachelors lane, which has less than 10% of Wellesley teachers and shows a ranking similar to the lanes shown here.

## Comparative Salary Schedules FY09

	Masters				Master + 30				Masters +60 /Doctorate			
	Min. Step	Rank	Max. Step	Rank	Min. Step	Rank	Max. Step	Rank	Min. Step	Rank	Max. Step	Rank
Belmont	46,783	2	81,266	2	49,360	4	85,367	5	52,248	5	90,133	5
Brookline	47,068	1	80,111	5	50,093	2	86,597	4	53,033	3	92,676	3
Lexington	44,526	7	77,057	7	47,177	9	82,027	7	49,866	10	89,101	7
Natick	45,012	6	70,195	10	49,513	3	77,213	10	51,988	6	81,075	11
Needham	44,261	8	76,187	9	47,676	8	80,362	8	50,131	8	83,955	9
Newton	46,604	3	79,493	6	50,144	1	84,400	6	53,408	2	89,589	6
Wayland	44,133	9	81,242	3	46,135	10	89,380	1	48,079	11	94,928	1
WELLESLEY	45,349	5	80,811	4	49,350	5	87,048	3	52,807	4	93,139	2
Weston	45,713	4	81,789	1	48,293	6	87,205	2	50,634	7	91,134	4
Westwood	42,210	11	76,273	8	45,902	11	80,106	9	50,065	9	84,586	8
Winchester	44,106	10	70,015	11	48,276	7	76,970	11	53,601	1	82,456	10

The table demonstrates that a town's ranking between their minimum and maximum step can vary considerably, although Wellesley's rankings are more consistent than other towns. Because 43% of Wellesley teachers are at the maximum step, and only 2% are at the minimum step, the most relevant comparisons are at the maximum step. Looking at the maximum step in these three lanes Wellesley has the 3<sup>rd</sup> highest salary for Masters +30 and the 2<sup>nd</sup> highest salary for Masters+60 / Doctorate and the 4<sup>th</sup> highest for Masters. The table indicates that, on an aggregate basis, Wellesley's salary structure is generally competitive with comparable towns such as Belmont, Newton and Weston. The above table excludes the impact of 'longevity stipends' (over 20 years of service).

### **Conclusion**

The newly negotiated three-year collective bargaining agreement, which began July 1, 2008 and will expire on June 30, 2011, strikes a balance between the need for controlling costs while at the same time maintaining Wellesley's desire to remain reasonably competitive with its peer communities in terms of attracting and retaining the best teachers. The 1% increase across all steps in FY09 (except a 3% increase at the top step, step 13) in concert with the addition of 2 steps at the bottom of the schedule and subsequent equalization of all steps in FY10 are expected to result in lower overall salary percentage increases in future years than have been experienced in the past. In addition, the step equalization in FY10 (with all increases in steps equal to 4.17%) will allow for greater clarity in the budgeting process and for ease of understanding of projected salary increases before the effect of teacher turnover. Finally, the Town will benefit from the agreement by the teachers to shift to the new Rate Saver health insurance plan. While the 3% annual percentage increases across all steps in FY10 and FY11 may be construed as generous in the current depressed economic environment, it is important to note that the shift to Rate Saver in FY09 and the step equalization in FY10 are unequivocally positive achievements, and that the new contract was negotiated in the summer and early fall of 2008, when the severity of the economic downturn was much less apparent than it is today.