

# Andover School Committee



## Financial Overview of the FY18-FY20 AEA Unit A Contract Agreement June 26, 2017

---

The Andover School Committee Negotiation Subcommittee and the Andover Education Association Unit A have agreed to extend their 2014-2017 collective bargaining agreement through August 31, 2020. The full School Committee and Town Manager are scheduled to vote on the contract on July 6, 2017.

In order to reach a fiscally responsible agreement, significant analysis was conducted to define fiscal parameters and understand school contract levers that impact both operational and fixed costs. Thoughtful consideration also went into the impact of the contract on the Andover long-range financial plan, and we thank Town Manager Andrew Flanagan for his important perspective, financial acuity, and collaborative work as part of the negotiating team.

Bargaining was entered with both sides having priorities for contract changes, and inevitably through negotiations, each side left achieving only some intended modifications. Overall, the result of the agreement is fair one, in line with teacher contracts in other Massachusetts districts, and with the contracts negotiated by other Andover town unions. It provides for long-term cost savings for the town, increased educational opportunities for students, and allows the district to attract and retain the highest quality teachers.

The contract extension includes several major cost considerations, the largest and most impactful being:

1. Increase to school employee health insurance premium contribution
2. Annual increases to the teacher salary schedule
3. Extended student instructional time

The financial implications of the first two key drivers are the most significant and are discussed in more detail in this document. The third factor, the extension of student instructional time, also has a cost impact to the contract though it is less measurable in isolation.

### **1. Impact of Increased School Employee Health Insurance Premium Contributions**

Health insurance costs continue to rise (estimated at 8% each year), consuming an increased amount of town resources and leaving less each year for town and school operating budgets. In recognition of this substantial town-wide problem, reducing health care fixed-cost was a deliberate priority for bargaining. Increasing employee premium contributions bring near-term financial benefit and important, significant long-term savings for the town.

Andover school employees commencing employment with the district on or after July 1, 2017 will pay 30% of HMO health insurance premium costs versus 23% of HMO family plans and 19% of HMO individual plans for employees hired before this date. Only 4% of school

employees are on PPO plans and employee contribution remains at 35% for those plans. These premium contributions are consistent with the three collective bargaining agreements settled by the town in 2017. See **Appendix A** for information on how this compares to plans offered by school communities comparable to Andover.

*Table 1: Summary of estimated per-employee contribution changes from current to new health insurance cost splits.*

<b>COST ESTIMATES</b>	<b>FY 2018</b>	<b>Current Employee Contribution</b>	<b>New Employee Contribution</b>	<b>Difference: Est. Savings to Andover</b>
FAMILY HMO PLAN	\$20,009.28	\$4,602.13	\$6,002.78	\$1,400.65
INDIVIDUAL HMO PLAN	\$7,422.36	\$1,410.25	\$2,226.71	\$816.46

Based on current and historic data, an estimated 50 new APS employees are hired annually to replace outgoing employees. Holding this rate consistent, it would take 10 years to convert 500 employees to the new insurance contribution split. This analysis assumes that 50% of converts will take the family plan and 50% individual plan, and that health insurance costs will rise 8% annually.

Using these parameters, the amount of the savings will continue to rise at increasing rates each year, and over the next 10 years (FY18 to FY27) Andover will see an estimated \$4.92 million in cost savings from employee conversion to the new health insurance split, including \$369K in savings over the life of this three-year agreement. Please see **Appendix B** for detail on this calculation.

There are roughly 700 school employees on Andover health insurance plans today. If all this headcount were to convert to the new split at an aggressive, sustained rate of 50 per year, it would take 14 years (until FY31) to reach maximum converts, and Andover would see savings of \$28.4 million over 20 years. Please see **Appendix C** for detail on this calculation.

## **2. Impact of the AEA Unit A Salary Schedule Increases**

Each box on the teacher salary table will increase annually by a negotiated percent over the term of the contract: 1.5% in FY18, 2.0% FY19, and 2.85% in FY20. In FY20, student instructional time is increased by 15 minutes per day (equivalent to 7.5 additional school days per year). The resultant salary tables are available in **Appendix D**.

To prepare for negotiations, significant financial analysis was conducted to understand the relative impact of an exhaustive range of options for adjusting the salary table. The current salaries, number of steps and educational track available to Andover teachers were evaluated against our comparable districts and considered in salary proposals. See **Appendix E** for comparative salary information.

The primary salary table mechanisms studied were:

- A. Changing each salary box on the table by a set negotiated percent (“COLA”)
- B. Changing salary boxes on steps 1 to 13 by a COLA and step 14 (top and final step) by a different COLA
- C. Removing steps from the salary table
- D. Consolidating pay levels at multiple steps on the salary table
- E. Adding steps to the salary table
- F. Normalizing step increase percentages to provide consistency across the table

Only some of these mechanisms proved financially feasible and were brought forward for consideration during bargaining. After significant discussion during negotiations, the final outcome of the agreement uses only mechanism A (raising each box on the table by a set negotiated percent), which is the method used most traditionally within Andover and across the state.

COLA impact was analyzed in many scenarios to gauge overall salary costs. Assumptions built into the model were held consistent across scenarios to allow comparisons. Notably, headcount distribution, retirement impact, and teacher track changes – all of which bring cost implications and, in practice, are fluid from year to year – were held constant for scenario comparisons.

A summary of relative costs for the following three basic comparative scenarios can be found in table 2, and further detail can be found in **Appendix F**. These comparisons are intended to provide context for the level of negotiated COLA increases.

Comparative Scenario A: The negotiated agreement is \$5.4 million higher over the next three years when compared to a scenario where Andover teachers receive zero salary increase over the those years. This is not a realistic scenario for a negotiated or mediated outcome, but it may be helpful to understand the increase to the school operating budget that results from these COLA increases.

Comparative Scenario B: Data was collected around recently negotiated Massachusetts teacher contract settlements with specific emphasis on COLA settlements in communities to which Andover compares (see **Appendix G**). This comparison is important because if an agreement cannot be reached through negotiations, the state requires that the next step to be mediation and a key factor mediators use when assessing the reasonableness of proposed increases is recently negotiated contracts. Although each contract is different in the concessions and other changes achieved outside of COLA, it was determined that a “going rate” is arguably a 2% COLA increase each year. The three-year cost of the negotiated agreement is \$300,000 less than this “going rate” guideline.

Comparative Scenario C: To date, the Town of Andover has settled three union contract in calendar year 2017. The COLAs offered in these contracts were 2.0% year 1, 1.5% year 2, and 2.0% year 3. The three-year cost of the negotiated AEA agreement is \$190,000 more expensive than if these same town union COLAs had been extended to the AEA.

Table 2: Summary of Relative Cost of AEA Salaries Under Multiple COLA scenarios

	3-Year COLAs (%)	3-Year AEA Cost *	Expense Relative to Agreement
Negotiated Agreement	1.5 / 2.0 / 2.85	\$146,578,067	
Comparative Scenario A - "Zero Increase"	0.0 / 0.0 / 0.0	\$141,125,369	\$5,452,698 less expensive than the agreement
Comparative Scenario B - "Going Rate"	2.0 / 2.0 / 2.0	\$146,877,495	\$299,428 more expensive than the agreement
Comparative Scenario C - "Town COLA Equivalence"	2.0 / 1.5 / 2.0	\$146,388,822	\$189,244 less expensive than the agreement

\* To isolate the impact of the COLA increases, the same assumptions around headcount were made for each scenario above (FTE numbers and distribution on salary chart), and it was assumed there would be no retirements and/or teacher track changes. Numbers should be used for relative comparisons only and not for actual budget impact estimates because they hold those assumptions consistent.

It is important to note that, while AEA Unit A is the largest bargaining unit of school employees, these numbers do not account for all school salary costs. There are seven additional school union/unit contracts (Administrators, Custodians, Food Services, Instructional Assistants, Secretaries, LPNs, and School Independents) that have impact on the school operating budget and town finances. Those additional costs (which totaled roughly \$18.4 million in FY17) have not been included in this salary analysis.

Analysis was also put together to confirm the contract settlement fits within Andover’s long term financial plan. Focus was on calculating how the school operating budget could support settlement terms while still allowing investment to in non-salary areas to move the district forward.

Under the terms of the agreement, and assuming a responsible annual budget increases, the school operating budget can absorb salary increases in the new AEA contract and maintain funds for additional spending on other district priorities, though more modestly in FY20 than other years.

### 3. Extended Student Instructional Time

The salary increases offered in the agreement reflect an increase in teacher workload to provide 15 additional minutes of daily student instruction beginning in the 2019/20 school year (FY20). Because the agreement contains a set of proposals and the value of each individual component is subjective, it is difficult to assign a singular cost to this added time. But even without a hard number, it’s fair to attribute this significant concession to having some expense in the agreement.

Andover currently has one of the lowest amount of instruction time when compared to peer districts, and providing students an additional 15 minutes of instruction per day (which works out to 7.5 days per school year) will have a meaningful impact. Please see **Appendix H** for additional information on how Andover instructional time compared to that in peer districts.

## Appendix A

### Health Insurance Rates in Public School Districts Comparable to Andover

<u>District and Plan</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Notes</u>
<b>ANDOVER</b>			
Blue Care Elect PPO Family *	65.0%	35.0%	employees hired before 7/1/17
Blue Care Elect PPO Individual *	65.0%	35.0%	employees hired before 7/1/17
HMO Network Blue New England Family	76.9%	23.1%	employees hired before 7/1/17
HMO Network Blue New England Individual	81.1%	18.9%	employees hired before 7/1/17
<b>HMO Family Plans</b>	<b>70.0%</b>	<b>30.0%</b>	<b>employees hired on or after 7/1/17</b>
<b>HMO Individual Plans</b>	<b>70.0%</b>	<b>30.0%</b>	<b>employees hired on or after 7/1/17</b>
* note: less than 4% of Andover school employees opt for PPO plans and this contribution split remains unchanged under the new agreement			
<b>ARLINGTON (GIC)</b>			
Fallon Health Direct Care	85.0%	15.0%	
Fallon Health Select Care	85.0%	15.0%	
Harvard Pilgrim Independence Plan	80.0%	20.0%	
Harvard Pilgrim Primary Choice Plan	85.0%	15.0%	
Health New England	85.0%	15.0%	
NHP Prime (Neighborhood Health Plan)	85.0%	15.0%	
Tufts Health Plan Navigator	80.0%	20.0%	
Tufts Health Plan Spirit	85.0%	15.0%	
UniCare State Indemnity Plan/Basic <i>with CIC (Comprehensive)</i>	75.0%	25.0%	
UniCare State Indemnity Plan/Basic <i>without CIC (Non-Comprehensive)</i>	75.0%	25.0%	
UniCare State Indemnity Plan/Community Choice	80.0%	20.0%	
UniCare State Indemnity Plan/PLUS	80.0%	20.0%	
<b>CHELMSFORD</b> (TBD, contract not settled)			
<b>FRANKLIN</b>			
Tufts HMO Choice	68.0%	32.0%	
Tufts CareLink PPO	50.0%	50.0%	
<b>HOLLISTON</b>			
HPHC Rate Saver Plan	60.0%	40.0%	
HPHC Benchmark Plan	60.0%	40.0%	
Blue Choice Rate Saver Plan	60.0%	40.0%	
Blue Choice Benchmark Plan	60.0%	40.0%	
Tufts Navigator Rate Saver Plan	60.0%	40.0%	
Tufts Navigator Benchmark Plan	60.0%	40.0%	
Fallon Select Rate Saver Plan	60.0%	40.0%	
Fallon Select Benchmark Plan	60.0%	40.0%	
Fallon Direct Rate Saver Plan	60.0%	40.0%	
Fallon Direct Benchmark Plan	60.0%	40.0%	
HPHC PPO Plan	50.0%	50.0%	
<b>NATICK</b>			
Harvard Pilgrim PPO Individual	50.0%	50.0%	
Harvard Pilgrim PPO Family	50.0%	50.0%	

Financial Overview: FY18 to FY20 AEA Contract Agreement

Blue Option Rate Saver Individual	62.0%	38.0%
Blue Option Rate Saver Family	62.0%	38.0%
Fallon Direct Rate Saver Individual	75.0%	25.0%
Fallon Direct Rate Saver Family	75.0%	25.0%
Fallon Select Rate Saver Individual	75.0%	25.0%
Fallon Select Rate Saver Family	75.0%	25.0%
Harvard Pilgrim Rate Saver Individual	62.0%	38.0%
Harvard Pilgrim Rate Saver Family	62.0%	38.0%
Tufts Navigator Rate Saver Individual	62.0%	38.0%
Tufts Navigator Rate Saver Family	62.0%	38.0%

**NEEDHAM**

Harvard Pilgrim PPO	50.0%	50.0%
Harvard Pilgrim EPO Individual	76.5%	23.5%
Harvard Pilgrim EPO Family	69.0%	31.0%
Network Blue EPO Individual	74.4%	25.6%
Network Blue EPO Family	66.0%	34.0%
Tufts Navigator Individual	74.6%	25.4%
Tufts Navigator Family	63.8%	36.2%
Fallon Select Individual	76.5%	23.5%
Fallon Select Family	69.0%	31.0%
Fallon DirectCare Individual	76.5%	23.5%
Fallon DirectCare Family	69.0%	31.0%

**NORTH ANDOVER (GIC)**

Fallon Health Direct Care HMO	75.0%	25.0%	employees before 1/1/2013
Fallon Health Select Care HMO	75.0%	25.0%	employees before 1/1/2013
Harvard Pilgrim Independence Plan POS	75.0%	25.0%	employees before 1/1/2013
Harvard Pilgrim Primary Choice Plan HMO	75.0%	25.0%	employees before 1/1/2013
Health New England HMO	75.0%	25.0%	employees before 1/1/2013
NHP Prime (Neighborhood Health Plan) HMO	75.0%	25.0%	employees before 1/1/2013
Tufts Health Plan Navigator POS	75.0%	25.0%	employees before 1/1/2013
Tufts Health Plan Spirit HMO-type	75.0%	25.0%	employees before 1/1/2013
Fallon Health Direct Care HMO	75.0%	25.0%	employees 1/1/2013 to 7/31/2015
Fallon Health Select Care HMO	75.0%	25.0%	employees 1/1/2013 to 7/31/2015
Harvard Pilgrim Independence Plan POS	65.0%	35.0%	employees 1/1/2013 to 7/31/2015
Harvard Pilgrim Primary Choice Plan HMO	75.0%	25.0%	employees 1/1/2013 to 7/31/2015
Health New England HMO	75.0%	25.0%	employees 1/1/2013 to 7/31/2015
NHP Prime (Neighborhood Health Plan) HMO	75.0%	25.0%	employees 1/1/2013 to 7/31/2015
Tufts Health Plan Navigator POS	65.0%	35.0%	employees 1/1/2013 to 7/31/2015
Tufts Health Plan Spirit HMO-type	75.0%	25.0%	employees 1/1/2013 to 7/31/2015
Fallon Health Direct Care HMO	75.0%	25.0%	employees after 7/31/2015
Fallon Health Select Care HMO	75.0%	25.0%	employees before 1/1/2013
Harvard Pilgrim Independence Plan POS	50.0%	50.0%	employees before 1/1/2013
Harvard Pilgrim Primary Choice Plan HMO	75.0%	25.0%	employees before 1/1/2013
Health New England HMO	75.0%	25.0%	employees before 1/1/2013
NHP Prime (Neighborhood Health Plan) HMO	75.0%	25.0%	employees before 1/1/2013
Tufts Health Plan Navigator POS	50.0%	50.0%	employees before 1/1/2013
Tufts Health Plan Spirit HMO-type	75.0%	25.0%	employees before 1/1/2013

**WELLESLEY**

Fallon Select Individual	80.0%	20.0%	hired before 7/1/2015
Fallon Select Family	80.0%	20.0%	hired before 7/1/2015
Fallon Direct Individual	80.0%	20.0%	hired before 7/1/2015
Fallon Direct Family	80.0%	20.0%	hired before 7/1/2015
Harvard Pilgrim HMO Individual	71.0%	29.0%	hired before 7/1/2015
Harvard Pilgrim HMO Family	71.0%	29.0%	hired before 7/1/2015
Tufts Individual	71.0%	29.0%	hired before 7/1/2015

Financial Overview: FY18 to FY20 AEA Contract Agreement

Tufts Family	71.0%	29.0%	hired before 7/1/2015
Blue Cross Blue Shield Individual	71.0%	29.0%	hired before 7/1/2015
Blue Cross Blue Shield Family	71.0%	29.0%	hired before 7/1/2015
Harvard Pilgrim PPO Individual	50.0%	50.0%	hired before 7/1/2015
Harvard Pilgrim PPO Family	50.0%	50.0%	hired before 7/1/2015
Fallon Select Individual	80.0%	20.0%	hired on or after 7/1/2015
Fallon Select Family	80.0%	20.0%	hired on or after 7/1/2015
Fallon Direct Individual	80.0%	20.0%	hired on or after 7/1/2015
Fallon Direct Family	80.0%	20.0%	hired on or after 7/1/2015
Harvard Pilgrim HMO Individual	60.0%	40.0%	hired on or after 7/1/2015
Harvard Pilgrim HMO Family	60.0%	40.0%	hired on or after 7/1/2015
Tufts Individual	60.0%	40.0%	hired on or after 7/1/2015
Tufts Family	60.0%	40.0%	hired on or after 7/1/2015
Blue Cross Blue Shield Individual	60.0%	40.0%	hired on or after 7/1/2015
Blue Cross Blue Shield Family	60.0%	40.0%	hired on or after 7/1/2015
Harvard Pilgrim PPO Individual	50.0%	50.0%	hired on or after 7/1/2015
Harvard Pilgrim PPO Family	50.0%	50.0%	hired on or after 7/1/2015

**WESTWOOD (GIC)**

Fallon Health Direct Care	68.0%	32.0%	
Fallon Health Select Care	68.0%	32.0%	
Harvard Pilgrim Independence Plan	68.0%	32.0%	
Harvard Pilgrim Primary Choice Plan	68.0%	32.0%	
Health New England	68.0%	32.0%	
NHP Prime (Neighborhood Health Plan)	68.0%	32.0%	
Tufts Health Plan Navigator	68.0%	32.0%	
Tufts Health Plan Spirit	68.0%	32.0%	
UniCare State Indemnity Plan/Basic with CIC (Comprehensive)	50.0%	50.0%	
UniCare State Indemnity Plan/Basic w/o CIC (Non-Comprehensive)	50.0%	50.0%	
UniCare State Indemnity Plan/Community Choice	68.0%	32.0%	
UniCare State Indemnity Plan/PLUS	68.0%	32.0%	

**WINCHESTER**

Key Advantage 1000 PPO employee only	85.0%	15.0%	
Key Advantage 1000 PPO employee & one child	65.0%	35.0%	
Key Advantage 1000 PPO employee & spouse	60.0%	40.0%	
Key Advantage 1000 PPO Family	55.0%	45.0%	
Key Advantage 1000 PPO Family, both spouses employees	75.0%	25.0%	
High Deductible Plan employee only	85.0%	15.0%	
High Deductible Plan employee & one child	70.0%	30.0%	
High Deductible Plan employee & spouse	65.0%	35.0%	
High Deductible Plan Family	60.0%	40.0%	
High Deductible Plan Family, both spouses employees	80.0%	20.0%	

## Appendix B

### Ten Year Impact of Increase to School Employee Health Insurance Premium Contributions

#### PLAN COST PER EMPLOYEE

Assume Annual Cost Increase of: 8%

COSTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 YEAR TOTAL
FAMILY HMO	\$20,009	\$21,610	\$23,339	\$25,206	\$27,222	\$29,400	\$31,752	\$34,292	\$37,036	\$39,999	\$289,866
INDIVIDUAL	\$7,422	\$8,016	\$8,657	\$9,350	\$10,098	\$10,906	\$11,778	\$12,721	\$13,738	\$14,837	\$107,524

#### EMPLOYEE SHARE - CURRENT SPLIT

Family HMO employee share: 23%  
 Individual HMO employee share: 19%

COSTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 YEAR TOTAL
FAMILY HMO	\$4,602	\$4,970	\$5,368	\$5,797	\$6,261	\$6,762	\$7,303	\$7,887	\$8,518	\$9,200	\$66,669
INDIVIDUAL HMO	\$1,410	\$1,523	\$1,645	\$1,777	\$1,919	\$2,072	\$2,238	\$2,417	\$2,610	\$2,819	\$20,430

#### EMPLOYEE SHARE - NEW SPLIT

Family HMO employee share: 30%  
 Individual employee share: 30%

COSTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 YEAR TOTAL
FAMILY HMO	\$6,003	\$6,483	\$7,002	\$7,562	\$8,167	\$8,820	\$9,526	\$10,288	\$11,111	\$12,000	\$86,960
INDIVIDUAL	\$2,227	\$2,405	\$2,597	\$2,805	\$3,029	\$3,272	\$3,534	\$3,816	\$4,121	\$4,451	\$32,257

#### TOWN SAVINGS PER EMPLOYEE (current split versus new split)

(subtract to find difference between current & new splits)

COSTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 YEAR TOTAL
FAMILY HMO	\$1,401	\$1,513	\$1,634	\$1,764	\$1,906	\$2,058	\$2,223	\$2,400	\$2,593	\$2,800	\$20,291
INDIVIDUAL	\$816	\$882	\$952	\$1,029	\$1,111	\$1,200	\$1,296	\$1,399	\$1,511	\$1,632	\$11,828



**Appendix B (continued)**

**OVERALL TOWN SAVINGS - 10 YEARS**

annual # of employees conversions* to new FAMILY split	25
annual # of employee conversions* to new INDIVIDUAL split	25

\* "conversion" = one benefits-eligible person on the old split leaving and being replaced by one benefits-eligible person on the new split

HEADCOUNT CONVERTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
EMPLOYEES ON NEW FAMILY SPLIT	25	50	75	100	125	150	175	200	225	250
EMPLOYEES ON NEW INDIVIDUAL SPLIT	25	50	75	100	125	150	175	200	225	250
CUMULATIVE TOTAL	50	100	150	200	250	300	350	400	450	500

COSTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	10 YEAR TOTAL (overall savings)
FAMILY HMO	\$35,016	\$75,635	\$122,529	\$176,442	\$238,196	\$308,702	\$388,965	\$480,093	\$583,314	\$699,976	\$3,108,868
INDIVIDUAL	\$20,411	\$44,089	\$71,424	\$102,850	\$138,848	\$179,947	\$226,733	\$279,854	\$340,022	\$408,027	\$1,812,205
ANNUAL TOTAL	\$55,428	\$119,724	\$193,953	\$279,292	\$377,044	\$488,649	\$615,698	\$759,947	\$923,336	\$1,108,003	<b>\$4,921,073</b>
CUMULATIVE TOTAL	\$55,428	\$175,152	\$369,104	\$648,396	\$1,025,440	\$1,514,089	\$2,129,787	\$2,889,734	\$3,813,070	<b>\$4,921,073</b>	

## Appendix C

### Twenty Year Impact of Increase to School Employee Health Insurance Premium Contributions

There are roughly 700 school employees on Andover health insurance plans today. If all this headcount were to convert to the new split at an aggressive, sustained rate of 50 per year, it would take 14 years (until FY31) to reach maximum converts, and Andover would see savings of \$28.4 million over 20 years.

OVERALL TOWN SAVINGS - 20 YEARS										
annual # of employees conversions* to new FAMILY split	25									
annual # of employee conversions* to new INDIVIDUAL split	25									
* "conversion" = one benefits-eligible person on the old split leaving and being replaced by one benefits-eligible person on the new split										
HEADCOUNT CONVERTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
EMPLOYEES ON NEW FAMILY SPLIT	25	50	75	100	125	150	175	200	225	250
EMPLOYEES ON NEW INDIVIDUAL SPLIT	25	50	75	100	125	150	175	200	225	250
CUMULATIVE TOTAL	50	100	150	200	250	300	350	400	450	500
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037
EMPLOYEES ON NEW FAMILY SPLIT	275	300	325	350	350	350	350	350	350	350
EMPLOYEES ON NEW INDIVIDUAL SPLIT	275	300	325	350	350	350	350	350	350	350
CUMULATIVE TOTAL	550	600	650	700	700	700	700	700	700	700

COSTS	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
FAMILY HMO	\$35,016	\$75,635	\$122,529	\$176,442	\$238,196	\$308,702	\$388,965	\$480,093	\$583,314	\$699,976	
INDIVIDUAL	\$20,411	\$44,089	\$71,424	\$102,850	\$138,848	\$179,947	\$226,733	\$279,854	\$340,022	\$408,027	
ANNUAL TOTAL	\$55,428	\$119,724	\$193,953	\$279,292	\$377,044	\$488,649	\$615,698	\$759,947	\$923,336	\$1,108,003	
CUMULATIVE TOTAL	\$55,428	\$175,152	\$369,104	\$648,396	\$1,025,440	\$1,514,089	\$2,129,787	\$2,889,734	\$3,813,070	\$4,921,073	
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	20 YEAR TOTAL (overall savings)
FAMILY HMO	\$831,572	\$979,743	\$1,146,299	\$1,333,234	\$1,439,893	\$1,555,084	\$1,679,491	\$1,813,850	\$1,958,958	\$2,115,675	\$17,962,666
INDIVIDUAL	\$484,736	\$571,107	\$668,195	\$777,162	\$839,335	\$906,482	\$979,000	\$1,057,320	\$1,141,906	\$1,233,258	\$10,470,706
ANNUAL TOTAL	\$1,316,307	\$1,550,849	\$1,814,494	\$2,110,396	\$2,279,228	\$2,461,566	\$2,658,491	\$2,871,170	\$3,100,864	\$3,348,933	\$28,433,372
CUMULATIVE TOTAL	\$6,237,380	\$7,788,230	\$9,602,724	\$11,713,120	\$13,992,347	\$16,453,913	\$19,112,404	\$21,983,575	\$25,084,439	\$28,433,372	

Appendix D

Salary Tables Resulting from Negotiated “COLA” Increases

Andover FY17 distribution saw 6.2% of FTEs on the Bachelors track, 27.6% on the Master’s track, 19.3% on the Master’s +30 track, 36.8% on the Master’s +75 track, and 1.5% on the Doctorate track. Additionally, approximately 51.1% of FTEs will be on step 14 in FY18.

**Salary Table for FY18** (1.5% increase over FY17)

Step	Bachelor’s	Bach +30	Master’s	M+30	M+60	M+75	Doctorate
1	\$45,898	\$47,927	\$50,856	\$54,184	\$57,404	\$59,581	\$64,293
2	\$47,214	\$49,815	\$53,069	\$56,233	\$59,434	\$61,611	\$66,501
3	\$49,112	\$52,299	\$55,702	\$59,434	\$62,081	\$64,260	\$69,466
4	\$51,003	\$54,187	\$57,741	\$60,909	\$64,109	\$66,289	\$71,734
5	\$52,924	\$56,115	\$59,960	\$63,133	\$66,346	\$68,522	\$74,231
6	\$54,816	\$58,001	\$62,369	\$65,554	\$68,804	\$70,980	\$76,987
7	\$56,706	\$59,892	\$64,744	\$67,940	\$71,216	\$73,393	\$79,682
8	\$58,037	\$62,035	\$67,193	\$70,419	\$73,614	\$75,795	\$82,367
9	\$61,010	\$64,378	\$69,681	\$72,917	\$75,986	\$78,164	\$85,019
10	\$63,250	\$66,731	\$72,162	\$75,326	\$78,366	\$80,542	\$87,661
11	\$66,134	\$69,714	\$75,283	\$78,235	\$81,123	\$83,303	\$90,751
12	\$70,334	\$74,429	\$80,285	\$83,301	\$86,220	\$88,397	\$94,863
13	\$74,539	\$79,140	\$85,281	\$88,362	\$91,322	\$93,498	\$98,976
14	\$77,295	\$82,066	\$88,438	\$91,630	\$94,695	\$96,877	\$102,638

**Salary Table for FY19** (2.00% increase over FY18)

Step	Bachelor's	Bach +30	Master's	M+30	M+60	M+75	Doctorate
1	\$46,816	\$48,886	\$51,873	\$55,267	\$58,552	\$60,772	\$65,579
2	\$48,158	\$50,811	\$54,131	\$57,358	\$60,623	\$62,843	\$67,831
3	\$50,094	\$53,345	\$56,816	\$60,623	\$63,323	\$65,545	\$70,855
4	\$52,023	\$55,271	\$58,896	\$62,127	\$65,392	\$67,614	\$73,169
5	\$53,983	\$57,238	\$61,159	\$64,396	\$67,673	\$69,892	\$75,716
6	\$55,912	\$59,161	\$63,616	\$66,865	\$70,180	\$72,400	\$78,526
7	\$57,840	\$61,090	\$66,039	\$69,299	\$72,641	\$74,860	\$81,275
8	\$59,197	\$63,275	\$68,537	\$71,827	\$75,086	\$77,311	\$84,015
9	\$62,230	\$65,666	\$71,074	\$74,375	\$77,506	\$79,727	\$86,720
10	\$64,515	\$68,066	\$73,606	\$76,833	\$79,933	\$82,153	\$89,415
11	\$67,457	\$71,109	\$76,788	\$79,800	\$82,745	\$84,969	\$92,566
12	\$71,741	\$75,918	\$81,891	\$84,967	\$87,945	\$90,165	\$96,760
13	\$76,029	\$80,722	\$86,987	\$90,129	\$93,148	\$95,368	\$100,955
14	\$78,841	\$83,707	\$90,207	\$93,463	\$96,589	\$98,814	\$104,691

**Salary Table for FY20** (2.85% increase over FY19)

Step	Bachelor's	Bach +30	Master's	M+30	M+60	M+75	Doctorate
1	\$48,151	\$50,279	\$53,351	\$56,843	\$60,221	\$62,504	\$67,448
2	\$49,531	\$52,260	\$55,673	\$58,992	\$62,351	\$64,634	\$69,764
3	\$51,522	\$54,865	\$58,435	\$62,351	\$65,128	\$67,413	\$72,874
4	\$53,505	\$56,846	\$60,575	\$63,898	\$67,255	\$69,541	\$75,254
5	\$55,521	\$58,869	\$62,902	\$66,231	\$69,602	\$71,884	\$77,874
6	\$57,506	\$60,847	\$65,429	\$68,770	\$72,180	\$74,463	\$80,764
7	\$59,489	\$62,831	\$67,921	\$71,274	\$74,711	\$76,994	\$83,592
8	\$60,885	\$65,079	\$70,490	\$73,874	\$77,226	\$79,514	\$86,409
9	\$64,003	\$67,537	\$73,100	\$76,495	\$79,715	\$82,000	\$89,191
10	\$66,353	\$70,006	\$75,703	\$79,022	\$82,212	\$84,494	\$91,963
11	\$69,380	\$73,135	\$78,977	\$82,074	\$85,104	\$87,391	\$95,204
12	\$73,786	\$78,081	\$84,225	\$87,389	\$90,451	\$92,735	\$99,518
13	\$78,196	\$83,023	\$89,466	\$92,698	\$95,803	\$98,086	\$103,832
14	\$81,088	\$86,093	\$92,778	\$96,126	\$99,342	\$101,630	\$107,674

Appendix E

2016/17 Salary Data for Andover Comparable Districts

Base salary: Indicated for four levels on each district’s salary table: A. lowest overall salary which is bachelor step 1, B. highest salary for teachers with Masters degrees and no additional continuing education credits, C. highest salary available to teachers with Master’s degree including continuing education credits, and D. highest available salary on the salary table.

Steps: The highest number step available on each salary table.

Tracks: The number of tracks available on each salary table and the highest level of education recognized on each salary table. (D indicates Doctorate degree, M60 is Master’s degree plus 60 additional continuing education credits, M75 is Master’s degree plus 75 additional continuing education credits.)

Andover FY17 distribution saw 6.2% of FTEs on the Bachelors track, 27.6% on the Master’s track, 19.3% on the Master’s +30 track, 36.8% on the Master’s +75 track, and 1.5% on the Doctorate track.

	<u>Lowest Overall Salary (B1)</u>		<u>Highest Masters First Step Salary (M1)</u>		<u>Highest Masters Salary</u>		<u>Highest Overall Salary</u>		<u>highest step</u>	<u>highest track</u>	<u># of tracks</u>
	amount	rank	amount	rank	amount	rank	amount	rank	-	-	-
<b>Andover</b>	<b>\$45,220</b>	<b>8</b>	<b>\$87,131</b>	<b>4</b>	<b>\$95,445</b>	<b>5</b>	<b>\$101,121</b>	<b>3</b>	<b>14</b>	<b>D</b>	<b>7</b>
<b>Arlington</b>	\$46,376	5	\$80,654	5	\$86,767	10	\$86,767	10	12	M60/D	6
<b>Chelmsford *</b>	\$43,661	9	\$77,178	10	\$81,447	11	\$86,214	11	12	D	5
<b>Franklin</b>	\$42,806	11	\$78,843	8	\$90,358	8	\$90,358	8	15	M60/D	7
<b>Holliston</b>	\$47,443	3	\$88,595	3	\$99,797	3	\$99,797	5	15	M60	7
<b>Natick</b>	\$46,023	6	\$79,339	7	\$93,927	7	\$96,217	6	15	D	8
<b>Needham</b>	\$47,764	1	\$89,967	2	\$99,139	4	\$100,797	4	14	D	8
<b>No. Andover</b>	\$45,790	7	\$77,758	9	\$88,945	9	\$88,945	9	11	M75	7
<b>Wellesley</b>	\$47,541	2	\$95,623	1	\$110,210	1	\$110,210	1	16	M60/D	4
<b>Westwood</b>	\$47,279	4	\$50,488	11	\$99,869	2	\$108,071	2	14	D	8
<b>Winchester</b>	\$43,596	10	\$80,083	6	\$94,313	6	\$94,313	7	15	M60	7

\* Chelmsford salaries are from 2015/16 as contract remains under negotiation.

Appendix F

Relative Contract Costs in Multiple Comparative Scenarios

\* To isolate the impact of the COLA increase, the same assumptions around headcount were made for each scenario listed (FTE numbers and distribution on salary chart), and it was assumed there would be no retirements and/or teacher track changes. Numbers should be used for relative comparisons only and not for actual budget impact estimates because they hold those assumptions consistent.

<b>Negotiated Agreement</b>				
(per June 14th tentative agreement; includes new healthcare split, add'l instruction time, and add'l teacher collaboration time)				
	Steps 1-13	Step 14	AEA Salary Cost *	
FY18	1.50%	1.50%	FY18	\$46,956,950
FY19	2.00%	2.00%	FY19	\$48,733,426
FY20	2.85%	2.85%	FY20	\$50,887,691
			<b>Total</b>	<b>\$146,578,067</b>

**Expense  
Relative to MOU**

<b>Comparative Scenario A - "Zero Increase"</b>				
(Zero pay increases, keeps FY17 table through FY20)				
	Steps 1-13	Step 14	AEA Salary Cost *	
FY18	0.00%	0.00%	FY18	\$46,263,005
FY19	0.00%	0.00%	FY19	\$47,071,792
FY20	0.00%	0.00%	FY20	\$47,790,573
			<b>Total</b>	<b>\$141,125,369</b>

\$(693,945)  
\$(1,661,634)  
\$(3,097,118)  
\$(5,452,698)

<b>Comparative Scenario B - "Going Rate"</b>				
(MTA-purported statewide average settlement)				
	Steps 1-13	Step 14	AEA Salary Cost *	
FY18	2.00%	2.00%	FY18	\$47,188,265
FY19	2.00%	2.00%	FY19	\$48,973,492
FY20	2.00%	2.00%	FY20	\$50,715,738
			<b>Total</b>	<b>\$146,877,495</b>

\$231,315  
\$240,066  
\$(171,953)  
\$299,428

<b>Comparative Scenario C - "Town COLA Equivalence"</b>				
(three year COLAs equivalent to those recently settled by town unions)				
	Steps 1-13	Step 14	AEA Salary Cost *	
FY18	2.00%	2.00%	FY18	\$47,188,265
FY19	1.50%	1.50%	FY19	\$48,733,426
FY20	2.00%	2.00%	FY20	\$50,467,131
			<b>Total</b>	<b>\$146,388,822</b>

\$231,315  
\$-  
\$(420,559)  
\$(189,244)

Appendix G

Most Recent Contract COLA Settlements for Andover Comparable Districts

**NEGOTIATED COLAs**

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Notes
<b>Andover</b>	2.00%	2.00%	1.50%	2.00%	2.00%	1.50%	2.00%	
<b>Arlington</b>	varied	2.00%	2.00%	2.00%	2.00%	2.00%		Arlington 2012/13: 2.5% steps 1-10, 0% step 11, 3% new step 12 (Eliminate step 1, add new step, and renumber steps)
<b>Chelmsford</b>			*	*	(not settled)			* No apparent consistent COLA. Varies by step/track
<b>Franklin</b>		1.50%	2.00%	2.50%	2.00%	2.50%	3.00%	
<b>Holliston</b> below top					1.50%	1.50%		** top step is \$5,000 more than second-to-top step.
top step				**	**	**		
<b>Natick</b> below top		2.00%	1.85%	1.00%	2.00%	2.25%	2.00%	*** top step differential is a negotiated percent over second-to-top step
top step		2% ***	1.5% ***	2.0% ***	2.00%	3.25%	3.00%	
<b>Needham</b>		2.00%	2.00%	1.65%	1.50%	2.56%****	2.25%	**** adds one day to the teacher work year
<b>North Andover</b>	3.00%	1.00%	2.00%	2.25%	2.00%	2.00%	2.50%	
<b>Wellesley</b> below top		0%/0.5%	0%/2%	1.5%/1.5%	1.50%	1.50%	1.50%	Some years saw increases in July and January. Differs for top step vs other steps
top step		1%/1%	2%/0%	1.5%/1.5%	2.00%	2.00%	2.00%	
<b>Westwood</b>			4.46%	2.00%	2.00%	2.00%	2.00%	
<b>Winchester</b>		1.50%	2.51%	3.00%	2.00%	2.00%	2.76% ^	^ Includes 10 minutes of additional instructional time added to the school day
<b>AVERAGE BELOW TOP STEP</b>		1.56%	2.26%	2.16%	1.85%	1.91%	2.13%	
<b>AVERAGE AT TOP STEP</b>		1.63%	2.22%	2.27%	1.94%	2.18%	2.38%	

Appendix H

Student Instruction Time at High Schools in the 2016/17 School Year  
Andover comparison districts are highlighted in red text.

School	Start Time	Dismissal	Length of School Day	Difference from Andover
A-B	7:23 AM	2:18 PM	6 hours and 55 min	25 minutes longer
Algonquin	7:20 AM	1:50 PM	6 hours and 30 min	10 minutes longer
Andover	7:45 AM	2:05 PM	6 hours and 20 min	
Arlington	7:35 AM	2:05 PM	6 hours and 35 min	15 minutes longer
Billerica	7:15 AM	2:02 PM	6 hours and 47 min	27 minutes longer
Chelmsford	7:19 AM	1:51 PM	6 hours and 32 min	12 minutes longer
Concord-Carlisle	7:30 AM	2:11 PM	6 hours and 41 min	21 minutes longer
Dracut	7:20 AM	1:50 PM	6 hours and 30 min	10 minutes longer
Franklin	7:35 AM	2:05 PM	6 hours and 30 min	10 minutes longer
Haverhill	7:25 AM	2:05 PM	6 hours and 40 min	20 minutes longer
Holliston	7:30 AM	2:05 PM	6 hours and 35 min	15 minutes longer
Lawrence	8:00 AM	2:45 PM	6 hours and 45 min	25 minutes longer
Lowell	7:55 AM	2:30 PM	6 hours and 35 min	15 minutes longer
Lynnfield	7:50 AM	2:27 PM	6 hours and 37 min	17 minutes longer
Methuen	7:15 AM	1:55 PM	6 hours and 40 min	20 minutes longer
Natick	7:30 AM	2:05 PM	6 hours and 35 min	15 minutes longer
Needham	8:00 AM	2:35 PM	6 hours and 35 min	15 minutes longer
Newton North	7:50 AM	2:31 PM	6 hours and 41 min	21 minutes longer
Newton South	7:40 AM	2:21 PM	6 hours and 41 min	21 minutes longer
North Andover	7:43 AM	2:15 PM	6 hours and 32 min	12 minutes longer
Reading High	7:30 AM	2:11 PM	6 hours and 41 min	21 minutes longer
Salem High, MA	7:24 AM	2:02 PM	6 hours and 38 min	18 minutes longer
Tewksbury	7:30 AM	1:49 PM	6 hours and 19 min	1 minute shorter
Wayland	7:30 AM	2:15 PM	6 hours and 45 min	25 minutes longer
Wellesley	7:30 AM	2:30 PM	7 hours	40 minutes longer
Westford Academy	7:35 AM	1:55 PM	6 hours and 20 min	Same
Westwood	7:35 AM	1:55 PM	6 hours and 20 min	Same
Winchester	7:45 AM	2:15 PM	6 hours and 30 min	10 minutes longer