



UNDERSTANDING SALARY GUIDES: PART III

ANALYZING PROPOSED SALARY GUIDES

The first two articles in this series on salary guides have focused on understanding salary guides, analyzing an expiring guide, and identifying the board's bargaining goals for successor guides. Parts I and II of this series provided the reader with the fundamental knowledge and skills necessary to become full partners in guide development. Becoming a full and equal partner also requires the board to participate fully in the development of successor guides.

The board's full participation is necessary to ensure that successor guides satisfy the board's needs and serves its purpose. Full participation by the board does not mean that a board must always be prepared to construct its own guides; in fact, many boards actively participate in guide development by simply engaging in critical analyses and preparing verbal responses to the union's guide proposals. However, full participation does mean that a board must always be prepared to completely analyze and assess all proposed guides to discern how well the proposals satisfy management's goals.

All proposed guides, whether developed by the union or the board, must be carefully analyzed. When a board develops its own successor guide proposal, analysis is always an integral part of the board's guide construction process. Even though the person who constructed the board's proposal knows what he or she was trying to accomplish, the finished guides must be analyzed to see if, in fact, they accomplish that which was desired; frequently, they do not. Often, while accomplishing one or two bargaining objectives, newly constructed guides may negatively impact upon another goal sought by the board for the successor guides.

Without a thorough review of the structure of a board proposed guide, a board may inadvertently damage its ability to achieve its salary guide goals. Consider, for example, a board submitting guides that break a balloon increment but that inadvertently create a new unacceptable aberration elsewhere on the guide. That certainly would have the effect of weakening the board's contention that the guide must be relatively free of aberrations. Guide structure, cost, and the resultant distribution of money to each staff member must be calculated and analyzed before a guide proposal is presented to the union. Once guides are proposed that cost a certain amount, it will be extremely difficult to convince the union that less money is available,

which is one reason not to discuss guides in detail prior to an agreement on the settlement rate. Similarly, once a board submits guides that provide very disparate increases to staff members based on their placement on the expiring guide, it will be next to impossible to convince the union that the equitable distribution of new money to all staff is important to the board of education. Thus, all guides proposed by the board must be thoroughly analyzed and understood before being presented to the union.

Similarly, a board must assure that the salary guides proposed by the union are also carefully analyzed and well understood. As in all aspects of bargaining, a board cannot and should not negotiate over an issue it does not fully understand. Before a board can respond to a union's guide proposal, it must assess the cost of the union's proposal, as well as the structure and distribution of new money to FTE (full-time equivalent employees). Further, it is imperative that a board conduct a thorough assessment of the union proposal's ability to address the board's established bargaining goals.

This article will focus on a process that can be used to analyze proposed guides. Given the flow of this series of articles, and the fact that the practice in many districts is for the union to first submit proposed guides, this article will analyze guides proposed by the union in "our" district's negotiations.

The Four Components

What constitutes a thorough analysis of proposed guides? The process is essentially similar to the analysis of an existing guide with one new component:

- a structural analysis;
- a cost analysis;
- an analysis of the cost of increment for the guide that, if accepted, will be in place when the new agreement expires; and
- an analysis of the distribution of new salary money to all staff in the unit.

Since it is assumed that the reader has already read Part II of this series of articles on salary guides, the now familiar components of structure, cost, and cost of increment analyses will be only briefly reviewed before applying them to proposed guides for "our" district. The new com-

ponent, analyzing the distribution of new salary money to all staff in the unit, will be addressed in-depth. Together, these four components help the board to assess how well the proposed guides satisfy the board's identified salary guide objectives.

What should be done first? Since a structural analysis requires much less time than a complete cost analysis, it is suggested that the process begin with an analysis of the proposed guides' structure. Then the structural analysis of the proposed guide should be compared to that of the guide for the base year (expiring guide). In comparing the two structural analyses, the similarities and differences can be identified and assessed against the board's established bargaining goals and objectives for the successor salary guides.

Structural Analysis

While guide proposals for a new agreement generally include a guide for each year of the new contract, a board need only do a structural analysis of the proposed guide that will be in place when the new agreement expires. That last year's guide becomes the focus of the required structural analysis for two reasons. First, a significant improvement in the structure of a guide cannot always be accomplished in one year. Frequently, it takes several years, sometimes over the terms of two new contracts, for a board to achieve its salary guide objectives. Analyzing the structure of the guide proposed for the final year of a new contract will help the board to assess how much progress has been made and what challenges may exist for the following round of negotiations.

The second reason for only analyzing the structure of the guide proposed for the last year of the new agreement is that guide aberrations for the earlier years of an agreement are of relatively minor concern compared to those in the final year. The guide that will be in place when the new agreement expires will be the base line for the next round of negotiations. The increments, balloons, and differentials on the guide in the final year of a contract tend to shape employee expectations for future salary increases. Those expectations can be very powerful and can impede the board's ability to attain future bargaining objectives (including, perhaps, an acceptable settlement rate in the next round of negotiations). Thus, although analysis of cost and distribution includes all years of the new agreement, the structural analysis focuses on the final year only.

Example of a Structural Analysis of Proposed Guides The following example uses "our" existing salary guide and salary base that was analyzed in Part II of this series of articles. It assumes that a tentative agreement has been reached for a new two-year agreement that provides for salary guide cost increases of 2.0% and 1.95% for each of the two years. It also assumes that those increases are within the board's salary guide cost parameters and, therefore, satisfy the board's bargaining goal relating to the cost of successor guides. Based on the settlement, the union has proposed the guides shown in Example 1.

EXAMPLE 1

PROPOSED GUIDE FOR 1ST YEAR OF NEW AGREEMENT			
Step	BA	MA	MA+30
1	45,900	47,900	50,900
2	46,147	48,147	51,147
3	46,447	48,447	51,447
4	46,747	48,997	52,247
5	47,122	50,122	52,622
6	47,522	50,522	53,022
7	48,922	51,922	55,422
8	50,647	53,747	57,247
9	52,547	54,047	59,147
10	54,597	56,097	60,597
11	56,797	59,297	62,797
12	59,147	64,147	66,047
13	61,743	66,743	68,743
14	64,843	68,843	72,843
15	67,843	71,843	77,143
16	74,943	78,943	82,943
17	80,000	88,000	90,000

PROPOSED GUIDE FOR 2ND YEAR OF NEW AGREEMENT			
Step	BA	MA	MA+30
1	46,008	48,008	51,008
2	46,308	48,308	51,308
3	46,608	48,608	51,608
4	46,908	49,158	52,408
5	47,208	50,208	52,708
6	47,658	50,658	53,158
7	48,158	51,158	54,658
8	49,458	52,658	57,858
9	51,408	52,908	58,008
10	53,408	54,908	59,408
11	55,508	58,508	61,008
12	57,708	62,708	64,708
13	60,108	65,108	67,108
14	63,108	67,108	73,108
15	67,108	71,108	75,108
16	71,608	75,608	79,608
17	80,600	88,600	90,600

Following the instructions in Part II of this series of articles on salary guides, the structure of the guide proposed for the final year of the new agreement is analyzed. That analysis is shown on the right side of Example 2 on page 4w13.

To what extent are “our” board’s salary guide structure goals, established in Part II of this series of articles, addressed: sufficiently, inadequately, perhaps not at all? In order to answer this question, the structural analysis of the base year’s expiring guide (analyzed in Part II of this series on salary guides and reprinted on the left side of Example 2) must be compared to the structural analysis of the guide proposed for the final year of the new agreement (on the right side of Example 2).

It may be helpful to begin by looking at the summary analyses data at the bottom of each column in Example 2. This summary data, along with the minimum and maximum rates for each column, provide an overview of the guide’s structure and contain the bench marks against which one assesses the individual relationships between the various salary rates. Are there changes in the number of increments and/or in the values of the average increment? Have the average differentials increased, decreased, or remained the same? Are the proposed minimum and maximum rates for each column acceptable?

For the guide proposed for the final year of “our” new agreement, the number of increments remains at 16. However, the value of the average increment for each column has increased. For the BA column, the size of the average dollar increment increases from \$2,119 to \$2,162. For the other two columns the average increments similarly increase. The average increment measured as a percentage value also increases slightly for the BA and the MA+30 columns. (e.g., for the BA column, that percentage increases from 3.5% to 3.6%).

After comparing the summary analysis data, individual increment and differential values should be scanned and all significant similarities and changes noted. For the guides analyzed in Example 2, the relatively small increments between the first four steps on the BA and MA columns basically have not changed. However, the largest balloon increments have increased to very large balloon increments. The Base Year’s balloons between Steps 16 and 17, increase to \$8,922 (increasing from 6.7% to 12.6% over two years). The balloon increments between Steps 16 and 17 on the MA+30 column similarly increases and the extremely large balloon on the MA column remains.

A comparison of the column differentials shows that the averages have increased as well.

And, what about the proposed new minimum and maximum salary rates? Will the proposed minimum suffice to attract qualified new staff? The average (compounded) settlement across the two years is 4.0%. Normally the rate at max will increase by about 1/4 to 1/2 of that rate.

The Proposed Guide’s Structure and “Our” Board’s Goals

How well the proposed guides satisfy the salary guide structure goals established in Part II of this series can be assessed by comparing the structural analysis of the expired guide to the structural analysis of the proposed guide for the final year of the new agreement. “Our” board’s

goals for the successor guides’ structure include:

1. to significantly reduce the size of the balloons
2. to maintain its strong standing regarding the minimum
3. to increase the small increments at the early steps of the guide so that they more closely reflect the average increment for the column and thereby boost the increases for junior staff
4. to watch the differential pattern to ensure that it does not worsen, especially where the aberrations exacerbate balloons
5. to assure that the distribution of the salary increase is relatively equitable

How does the structure of the guide proposed for the final year of the new contract measure up to our board’s bargaining goals?

- **No. 1**, eliminate balloons: **goal not met**. In fact, the balloon increments between Steps 16 and 17 increase by significant amounts.
- **No. 2**, maintain strong minimum rates: **not sure if goal met**. A discussion with the administration regarding the hiring situation is in order.
- **No. 3**, increase the small increments between the first few steps: **goal not met**. The small increments remain.
- **No. 4**, do not allow pattern of differentials to worsen: **goal not met**. The differential values have increased.

The conclusion, is that at least three of the board’s first five salary guide goals not been met, but and that the proposed guides worsen the structure. The board’s other goals for the successor salary guides involved costs and the equitable distribution of new salary dollars for all FTE. To what degree these goals are satisfied requires some additional analyses.

Cost Analysis

Without doubt, the cost to the board of education of successor salary guides is very important. It is also important to determine and assess the distribution of new salary dollars to each FTE and to calculate and consider the cost of increment for the guide that will be in place when the new agreement expires. However, before considering how to do these analyses, it is essential to reiterate the importance of two costing conventions associated with negotiating salary guides.

Two Costing Conventions

The two conventions used, almost universally, in costing proposed salary guides and in analyzing distribution involve:

1. the use of a frozen scattergram for projecting the cost of all proposed guides; and
2. the difference between costs projected for future years at the time of settlement and actual costs that will be

EXAMPLE 2

STRUCTURAL ANALYSIS OF EXPIRING GUIDE						STRUCTURAL ANALYSIS OF PROPOSED YEAR 2 GUIDE					
Step	BA		MA		MA+30	Step	BA		MA		MA+30
1	45,800	2,000	47,800	3,000	50,800	1	46,008	2,000	48,008	3,000	51,008
	300	4.4%	300	6.3%	300		300	4.3%	300	6.2%	300
	0.7%		0.6%		0.6%		0.7%		0.6%		0.6%
2	46,100	2,000	48,100	3,000	51,100	2	46,308	2,000	48,308	3,000	51,308
	300	4.3%	300	6.2%	300		300	4.3%	300	6.2%	300
	0.7%		0.6%		0.6%		0.6%		0.6%		0.6%
3	46,400	2,000	48,400	3,000	51,400	3	46,608	2,000	48,608	3,000	51,608
	300	4.3%	550	6.2%	800		300	4.3%	550	6.2%	800
	0.6%		1.1%		1.6%		0.6%		1.1%		1.6%
4	46,700	2,250	48,950	3,250	52,200	4	46,908	2,250	49,158	3,250	52,408
	300	4.8%	1,050	6.6%	300		300	4.8%	1,050	6.6%	300
	0.6%		2.1%		0.6%		0.6%		2.1%		0.6%
5	47,000	3,000	50,000	2,500	52,500	5	47,208	3,000	50,208	2,500	52,708
	1,500	6.4%	1,500	5.0%	1,500		450	6.4%	450	5.0%	450
	3.2%		3.0%		2.9%		1.0%		0.9%		0.9%
6	48,500	3,000	51,500	2,500	54,000	6	47,658	3,000	50,658	2,500	53,158
	1,500	6.2%	500	4.9%	1,500		500	6.3%	500	4.9%	1,500
	3.1%		1.0%		2.8%		1.0%		1.0%		2.8%
7	50,000	2,000	52,000	3,500	55,500	7	48,158	3,000	51,158	3,500	54,658
	1,800	4.0%	600	6.7%	2,300		1,300	6.2%	1,500	6.8%	3,200
	3.6%		1.2%		4.1%		2.7%		2.9%		5.9%
8	51,800	800	52,600	5,200	57,800	8	49,458	3,200	52,658	5,200	57,858
	2,000	1.5%	2,100	9.9%	2,000		1,950	6.5%	250	9.9%	150
	3.9%		4.0%		3.5%		3.9%		0.5%		0.3%
9	53,800	900	54,700	5,100	59,800	9	51,408	1,500	52,908	5,100	58,008
	2,200	1.7%	2,800	9.3%	2,200		2,000	2.9%	2,000	9.6%	1,400
	4.1%		5.1%		3.7%		3.9%		3.8%		2.4%
10	56,000	1,500	57,500	4,500	62,000	10	53,408	1,500	54,908	4,500	59,408
	2,300	2.7%	5,800	7.8%	2,300		2,100	2.8%	3,600	8.2%	1,600
	4.1%		10.1%		3.7%		3.9%		6.6%		2.7%
11	58,300	5,000	63,300	1,000	64,300	11	55,508	3,000	58,508	2,500	61,008
	2,400	8.6%	2,400	1.6%	3,400		2,200	5.4%	4,200	4.3%	3,700
	4.1%		3.8%		5.3%		4.0%		7.2%		6.1%
12	60,700	5,000	65,700	2,000	67,700	12	57,708	5,000	62,708	2,000	64,708
	2,500	8.2%	2,500	3.0%	2,500		2,400	8.7%	2,400	3.2%	2,400
	4.1%		3.8%		3.7%		4.2%		3.8%		3.7%
13	63,200	5,000	68,200	2,000	70,200	13	60,108	5,000	65,108	2,000	67,108
	3,000	7.9%	2,000	2.9%	6,000		3,000	8.3%	2,000	3.1%	6,000
	4.7%		2.9%		8.5%		5.0%		3.1%		8.9%
14	66,200	4,000	70,200	6,000	76,200	14	63,108	4,000	67,108	6,000	73,108
	4,000	6.0%	600	8.5%	4,000		4,000	6.3%	4,000	8.9%	2,000
	6.0%		0.9%		5.2%		6.3%		6.0%		2.7%
15	70,200	600	70,800	9,400	80,200	15	67,108	4,000	71,108	4,000	75,108
	4,500	0.9%	4,100	13.3%	4,500		4,500	6.0%	4,500	5.6%	4,500
	6.4%		5.8%		5.6%		6.7%		6.3%		6.0%
16	74,700	200	74,900	9,800	84,700	16	71,608	4,000	75,608	4,000	79,608
	5,000	0.3%	12,800	13.1%	5,000		8,992	5.6%	12,992	5.3%	10,992
	6.7%		17.1%		5.9%		12.6%		17.2%		13.8%
17	79,700	8,000	87,700	2,000	89,700	17	80,600	8,000	88,600	2,000	90,600
		10.0%		2.3%				9.9%		2.3%	
Average Differential:			2,779	3,985		Average Differential:			3,321	3,415	
Cumulative Differential:			2,779	6,765		Cumulative Differential:			3,321	6,735	
Increments Number:			16	16		Increments Number:			16	16	
Average \$:			2,119	2,494		Average \$:			2,162	2,537	
Average %:			3.5%	3.9%		Average %:			3.6%	3.9%	

incurred, including “breakage.”

Frozen Scattergram Once established and agreed to by both sides, the scattergram indicating the placement of all FTE, their salary rates on the expiring guide, and the total expiring salary guide’s cost is frozen for the duration of that round of bargaining. All subsequent cost projections for proposed successor guides are made from that frozen scattergram.

It is important to understand, however, that the cost projections made from the frozen scattergram are only projections for negotiations, and not for budget purposes. Over the life of the new agreement, even during the last months of the expired agreement after the scattergram has been frozen, there are likely to be staff changes. Such changes will impact on salary costs. And, there may be other changes that will also affect salary costs. For example, FTE may advance to another salary column as a result of their having completed additional academic course work.

Some of these changes will result in the actual costs being greater than that which was projected. Employing additional staff, advancing staff to another salary column in recognition of their having earned a sufficient number of additional credits, and replacing staff who terminate or go on unpaid leave with employees at greater salary rates are a few examples where actual costs will exceed the projection. These types of changes result in the board’s actual salary costs exceeding the projections on the frozen salary base and need to be considered in projecting budgets. But, they need not and should not be projected when costing a settlement and successor guides. For negotiations purposes, changing the scattergram creates confusion and, because of the changes, can result in the settlement costing more.¹

Most frequently, the actual costs will be less than projected. Most replacement staff for employees who retire or terminate for other reasons will earn less, often much less, than the amount that had been projected for the person they are replacing. Reductions in the number of staff will also result in the actual costs being far less than that which had been projected. But, these changes also need not and should not be projected when costing a settlement and successor guides. Changing the scattergram used in negotiations leads to all sorts of complications.

Breakage Consider negotiations involving a bargaining unit with a frozen salary base that includes one position filled by a staff member at the maximum salary rate, \$89,800, who will retire at the end of the year. As part of the settlement, assume that the retiree’s salary on the frozen salary base was projected to increase to \$89,000, \$89,500, and \$90,000 for the three years of the new agreement. What happens when the employee in that position

retires before the start of the first year of the successor three-year agreement and the position is filled by a new teacher who is paid \$46,000, \$47,000, and \$48,000 during the life of the new agreement? In the settlement for the new agreement, the projected salary to be paid for that position was \$268,500 (89,000 + 89,500 + 90,000). The actual salary that will be paid for that position during the new three-year agreement, however, will be \$141,000 (46,000 + 47,000 + 48,000). The difference between the projected cost and the actual cost, or breakage, is \$43,000 in the first year of the new agreement, \$42,500 in the next year, and \$42,000 in the final year. That is \$127,500 in salary that the district planned to spend when agreeing to the settlement but that it will not actually spend.

That breakage accrues to the district and, assuming no other staff changes, the district’s budgets need to support \$127,500 less in salary over the three years than was projected at the time of settlement. Consider the impact of that breakage on a small school district with perhaps a frozen salary base of \$1,000,000. Although the impact of just one such breakage savings is not as great in a large school district, it must be noted that a large school district will be likely to have many more staff changes and the total breakage is likely to be much greater.

However, not all frozen scattergram assumptions reduce the employer’s actual salary costs. If an employee completes a sufficient amount of additional academic course work, the employee will advance to another salary column. Moving employees to another salary column results in additional salary guide costs. That also is not projected. It is very difficult, if not impossible, to accurately predict and account for future staff changes and future staff guide placement changes.

It is well accepted in industry and in New Jersey school employee negotiations that breakage reverts to the employer. The board bears any additional salary costs (such as the salary for new staff positions) and does not expect employees to contribute their salary increase to fund the employment of additional staff. Similarly, the union should not expect (and the board should not allow) the salary increase, which was projected for a particular complement of staff, to be distributed to a fewer number of staff or to a different complement of staff. If the board did allow such to occur, the settlement rate would be higher than that which it negotiated. In addition, the complications and confusion that would result from changing the scattergram once used to project the costs must be avoided.²

How to Cost Successor Guides

1 There is an exception: whenever new columns are to be inserted in the guide or whenever the requirements for placement on specific salary columns will change in a way that makes it easier to become eligible for placement on those column(s). Under those circumstances, the new placement of staff on these columns must be included in costing the proposal. These changes may be very costly and cannot be ignored in determining the cost of successor guides.

2 It is not suggested that the scattergram should not be revised to correct any errors it may contain. Normally, early in the bargaining process, a scattergram for the complement of staff on a particular date is prepared and given to the union for its review. Any errors identified should be corrected. However, there should also be agreement that errors must be brought to the attention of the other side within a relatively short period of time so that the scattergram can be frozen before negotiations have proceeded very far. Ideally the scattergram would be “signed off” on by both sides to avoid confusion.

The process of costing a proposed guide is essentially the same used to cost an existing guide with one significant difference. Although the placement of staff is frozen on a scattergram for the purpose of projecting the cost of each and every successor guide that is proposed, staff placement on proposed guides must be adjusted to reflect the pattern of advancement, if any, that is proposed.

Prior to the mid-1990's, it was almost universally accepted that staff would advance on the guide at the rate of one step per year. That is no longer the case. Currently, many settlements provide different patterns of incremental advancement. In many districts, there have been some years in which there was no incremental advancement. Some teacher agreements have even provided for no incremental advancement at all during the term of an agreement, for up to three years. In many districts, new steps have been inserted to break balloon increments and/or additional steps have made the guide longer. And, in some districts, incremental advancement has differed for FTE on different steps and/or on different salary columns.

It is very important, therefore, that one understand the incremental advancement pattern that is intended. Applying a non-intended pattern of incremental advancement will result in projecting an inaccurate cost for the proposed guides. And, the proposal's increases as well as its distribution of new money will be masked.

The first step in determining the cost of proposed guides is, therefore, to place each staff member on the proper step on each guide for the new agreement. For our example, the union has indicated that one step per year incremental advancement is intended. Thus, the FTE on step 1 of the BA column for the Base Year are placed on Step 2 of the BA column for the proposed guide for Year 1 of the new agreement and placed on Step 3 of the BA column for the proposed guide for Year 2 of the new agreement. This placement of staff is shown in Example 3 for the Base Year and Year 1.

Note that all staff have been advanced one additional step on the BA column, except for employees on Step 17, the maximum, who remain at maximum. Employees on Step 17 in the Base Year remain placed at Step 17 for the life of the new agreement. Employees on Step 16 in the Base Year, however, advance one step, to Step 17, for Year 1. Meanwhile, employees on Step 15 in the Base Year advance one step each year, going to Step 16 in the first year.

Thus, pursuant to this proposal, two sets of FTE on the BA column will be placed at Step 17 in the first year of the new agreement: the 13.0 FTE who were on Step 17 in the Base Year and the 2.0 FTE who will advance from Step 16 in the Base Year to Step 17 for Year 1. Although it appears that there are two Step 17's in the first year, there really is only one Step 17 rate in any year. All that is done is to keep each set of FTE on a separate line. The salary rates are identical for each line showing a Step 17 for Year 1. Not combining FTE coming from different steps on the same line makes it very easy to track each FTE's projected salary progression.

This display format clearly demonstrates staff move-

ment. This format facilitates all other calculations that will be needed to complete the analysis of costs and the distribution of new money for proposed guides.

EXAMPLE 3

DISPLAYING MOVEMENT ON THE GUIDE				
BASE YEAR			YEAR 1	
Step	Rate		Step	Rate
			1	45,900
1	45,800	→	2	46,193
2	46,100	→	3	46,493
3	46,400	→	4	46,793
4	46,700	→	5	47,170
5	47,000	→	6	47,570
6	48,500	→	7	48,968
7	50,000	→	8	50,693
8	51,800	→	9	52,593
9	53,800	→	10	54,643
10	56,000	→	11	56,843
11	58,300	→	12	59,193
12	60,700	→	13	61,789
13	63,200	→	14	64,889
14	66,200	→	15	67,889
15	70,200	→	16	74,989
16	74,700	→	17	80,000
17	79,700	→	17	80,000

In Example 4 those costs are shown in detail for the all columns.

The highlighted line in Example 4, shows that:

- In the Base Year, 3.0 FTE were placed at Step 1 of the BA column at a salary rate of \$45,800 and with a cost for all 3.0 FTE of \$137,400;
- For Year 1 of the new agreement, these same 3.0 FTE would be placed at Step 2 of the BA column at a rate of \$46,193 and with a cost of \$138,579;
- For Year 2 of the new agreement, these same 3.0 FTE would be placed at Step 3 of the BA column at a rate of \$46,608 and with a cost of \$139,824.

The cost of each salary column must be determined using exactly the same method. Example 4 shows the total Base Year, Year 1, and Year 2 costs for all three salary columns. The total of 116.5 FTE had a Base Year salary cost of \$7,549,250 and are projected to have a Year 1 cost of \$7,700,231 and a Year 2 cost of \$7,850,362, pursuant to the union's proposed guides.

At the bottom of the chart, it can be seen that Year 1 should have a total cost of \$7,700,235 (base year cost increased by the agreed upon 2.0%). Year 2 should have a total cost of \$7,850,390. The union guides cost correctly within \$5 in Year 1 and \$26 in Year 2.

EXAMPLE 4

If the proposed guides' structure were acceptable, the dollar costs of the proposed guides may lead to a conclusion that the guides are acceptable. However, that does not mean that each FTE will receive a 2.0% salary increase for Year 1 and an additional 1.95% salary increase for Year 2. Thus, the distribution of the new money among all of the staff members must be calculated.

Analyzing the Distribution of New Money

The dollar increases each employee would be receiving under the proposed guides should be evaluated against management goals. For example, a board may want greater salary increases for staff placed at particular areas of the guide. Or, a board may want relatively comparable salary increases for all FTE or, perhaps, for all FTE excepting those at minimum or near maximum. No matter what the board's desire, the actual distribution of new money on the proposed guides must be calculated for each FTE in order to assess the proposed guides' distribution of increases.

In almost all cases, the board would like to see the increase distributed "equitably". Unfortunately, people have differing views of what is equitable. What the union leadership finds "equitable" others may find objectionable. In the past, some boards have accepted guides that provided some senior teachers with very large increases (\$10,000 or more from one year to the next) while less senior teachers received relatively modest

THE COST OF THE GUIDES FOR THE BASE YEAR, YEAR 1 AND YEAR 2

FTE	BASE YEAR			BASE YEAR 1			BASE YEAR 2			Increment Upon Expir.
	Step	Rate	Cost	Step	Rate	Cost	Step	Rate	Cost	
BA							1	46,008		
				1	45,900		2	46,308		
3.0	1	45,800	137,400	2	46,193	138,579	3	46,608	139,824	140,724
3.0	2	46,100	138,300	3	46,493	139,479	4	46,908	140,724	141,624
3.5	3	46,400	162,400	4	46,793	163,776	5	47,208	165,228	166,803
4.0	4	46,700	186,800	5	47,170	188,680	6	47,658	190,632	192,632
5.0	5	47,000	235,000	6	47,570	237,850	7	48,158	240,790	247,290
3.0	6	48,500	145,500	7	48,968	146,904	8	49,458	148,374	154,224
2.0	7	50,000	100,000	8	50,693	101,386	9	51,408	102,816	106,816
0.0	8	51,800	0	9	52,593	0	10	53,408	0	0
1.5	9	53,800	80,700	10	54,643	81,965	11	55,508	83,262	86,562
1.0	10	56,000	56,000	11	56,843	56,843	12	57,708	57,708	60,108
2.0	11	58,300	116,600	12	59,193	118,386	13	60,108	120,216	126,216
2.0	12	60,700	121,400	13	61,789	123,578	14	63,108	126,216	134,216
2.0	13	63,200	126,400	14	64,889	129,778	15	67,108	134,216	143,216
0.0	14	66,200	0	15	67,889	0	16	71,608	0	0
3.0	15	70,200	210,600	16	74,989	224,967	17	80,600	241,800	241,800
4.0	16	74,700	298,800	17	80,000	320,000	17	80,600	322,400	322,400
<u>16.0</u>	<u>17</u>	<u>79,700</u>	<u>1,275,200</u>	<u>17</u>	<u>80,000</u>	<u>1,280,000</u>	<u>17</u>	<u>80,600</u>	<u>1,289,600</u>	<u>1,289,600</u>
55.0			3,391,100			3,452,170			3,503,806	3,554,231
MA							1	48,008		
				1	47,900		2	48,308		
1.0	1	47,800	47,800	2	48,193	48,193	3	48,608	48,608	49,158
3.0	2	48,100	144,300	3	48,493	145,479	4	49,158	147,474	150,624
4.0	3	48,400	193,600	4	49,043	196,172	5	50,208	200,832	202,632
1.0	4	48,950	48,950	5	50,170	50,170	6	50,658	50,658	51,158
2.0	5	50,000	100,000	6	50,570	101,140	7	51,158	102,316	105,316
1.0	6	51,500	51,500	7	51,968	51,968	8	52,658	52,658	52,908
2.0	7	52,000	104,000	8	52,593	105,186	9	52,908	105,816	109,816
0.0	8	52,600	0	9	54,093	0	10	54,908	0	0
1.0	9	54,700	54,700	10	56,143	56,143	11	58,508	58,508	62,708
0.0	10	57,500	0	11	59,343	0	12	62,708	0	0
3.0	11	63,300	189,900	12	64,193	192,579	13	65,108	195,324	201,324
3.0	12	65,700	197,100	13	66,789	200,367	14	67,108	201,324	213,324
1.0	13	68,200	68,200	14	68,889	68,889	15	71,108	71,108	75,608
1.5	14	70,200	105,300	15	71,889	107,834	16	75,608	113,412	132,900
2.0	15	70,800	141,600	16	78,989	157,978	17	88,600	177,200	177,200
1.0	16	74,900	74,900	17	88,000	88,000	17	88,600	88,600	88,600
<u>8.0</u>	<u>17</u>	<u>87,700</u>	<u>701,600</u>	<u>17</u>	<u>88,000</u>	<u>704,000</u>	<u>17</u>	<u>88,600</u>	<u>708,800</u>	<u>708,800</u>
34.5			2,223,450			2,274,098			2,322,638	2,382,076
MA+30							1	51,008		
				1	50,900		2	51,308		
1.0		50,800	50,800	2	51,193	51,193	3	51,608	51,608	52,408
1.0		51,100	51,100	3	51,493	51,493	4	52,408	52,408	52,708
0.0		51,400	0	4	52,293	0	5	52,708	0	0
1.0		52,200	52,200	5	52,670	52,670	6	53,158	53,158	54,658
2.0		52,500	105,000	6	53,070	106,140	7	54,658	109,316	115,716
1.0		54,000	54,000	7	55,468	55,468	8	57,858	57,858	58,008
1.0		55,500	55,500	8	56,093	56,093	9	58,008	58,008	59,408
0.0		57,800	0	9	59,193	0	10	59,408	0	0
1.0		59,800	59,800	10	60,643	60,643	11	61,008	61,008	64,708
1.0		62,000	62,000	11	62,843	62,843	12	64,708	64,708	67,108
2.0		64,300	128,600	12	66,093	132,186	13	67,108	134,216	146,216
3.0		67,700	203,100	13	68,789	206,367	14	73,108	219,324	225,324
1.0		70,200	70,200	14	72,889	72,889	15	75,108	75,108	79,608
0.0		76,200	0	15	77,189	0	16	79,608	0	0
2.0		80,200	160,400	16	82,989	165,978	17	90,600	181,200	181,200
3.0		84,700	254,100	17	90,000	270,000	17	90,600	271,800	271,800
<u>7.0</u>		<u>89,700</u>	<u>627,900</u>	<u>17</u>	<u>90,000</u>	<u>630,000</u>	<u>17</u>	<u>90,600</u>	<u>634,200</u>	<u>634,200</u>
27.0			1,934,700			1,973,963			2,023,920	2,063,070
TOTALS:										
116.5			7,549,250			7,700,231			7,850,364	7,999,377
		Yr 1 Increase	<u>1.02</u>			Target Cost	<u>-7,700,235</u>		Target Cost	<u>-7,850,390</u>
		Yr 1 Cost	7,700,235			Difference	-5		Difference	-26
		Yr 2 Increase	<u>1.0195</u>							
			7,850,390							

EXAMPLE 5

THE COST AND THE ANNUAL INCREASE EACH FTE WILL RECEIVE EACH YEAR AND CUMULATIVELY OVER THE LIFE OF THE NEW AGREEMENT

FTE		BASE YEAR		YEAR 1				YEAR 2				Cumulative Increase			
BA				1	45,900			1	46,008						
				2	46,193	138,579	393	0.9%	3	46,608	139,824	415	0.9%	808	1.8%
3.0	1	45,800	137,400	2	46,193	138,579	393	0.9%	3	46,608	139,824	415	0.9%	808	1.8%
3.0	2	46,100	138,300	3	46,493	139,479	393	0.9%	4	46,908	140,724	415	0.9%	808	1.8%
3.5	3	46,400	162,400	4	46,793	163,776	393	0.8%	5	47,208	165,228	415	0.9%	808	1.7%
4.0	4	46,700	186,800	5	47,170	188,680	470	1.0%	6	47,658	190,632	488	1.0%	958	2.1%
5.0	5	47,000	235,000	6	47,570	237,850	570	1.2%	7	48,158	240,790	588	1.2%	1,158	2.5%
3.0	6	48,500	145,500	7	48,968	146,904	468	1.0%	8	49,458	148,374	490	1.0%	958	2.0%
2.0	7	50,000	100,000	8	50,693	101,386	693	1.4%	9	51,408	102,816	715	1.4%	1,408	2.8%
0.0	8	51,800	0	9	52,593	0	793	1.5%	10	53,408	0	815	1.5%	1,608	3.1%
1.5	9	53,800	80,700	10	54,643	81,965	843	1.6%	11	55,508	83,262	865	1.6%	1,708	3.2%
1.0	10	56,000	56,000	11	56,843	56,843	843	1.5%	12	57,708	57,708	865	1.5%	1,708	3.1%
2.0	11	58,300	116,600	12	59,193	118,386	893	1.5%	13	60,108	120,216	915	1.5%	1,808	3.1%
2.0	12	60,700	121,400	13	61,789	123,578	1,089	1.8%	14	63,108	126,216	1,319	2.1%	2,408	4.0%
2.0	13	63,200	126,400	14	64,889	129,778	1,689	2.7%	15	67,108	134,216	2,219	3.4%	3,908	6.2%
0.0	14	66,200	0	15	67,889	0	1,689	2.6%	16	71,608	0	3,719	5.5%	5,408	8.2%
3.0	15	70,200	210,600	16	74,989	224,967	4,789	6.8%	17	80,600	241,800	5,611	7.5%	10,400	14.8%
4.0	16	74,700	298,800	17	80,000	320,000	5,300	7.1%	17	80,600	322,400	600	0.8%	5,900	7.9%
16.0	17	79,700	1,275,200	17	80,000	1,280,000	300	0.4%	17	80,600	1,289,600	600	0.8%	900	1.1%
55.0			3,391,100			3,452,170					3,503,806				
MA				1	47,900				1	48,008					
				2	48,193	48,193	393	0.8%	3	48,608	48,608	415	0.9%	808	1.7%
1.0	1	47,800	47,800	2	48,193	48,193	393	0.8%	3	48,608	48,608	415	0.9%	808	1.7%
3.0	2	48,100	144,300	3	48,493	145,479	393	0.8%	4	49,158	147,474	665	1.4%	1,058	2.2%
4.0	3	48,400	193,600	4	49,043	196,172	643	1.3%	5	50,208	200,832	1,165	2.4%	1,808	3.7%
1.0	4	48,950	48,950	5	50,170	50,170	1,220	2.5%	6	50,658	50,658	488	1.0%	1,708	3.5%
2.0	5	50,000	100,000	6	50,570	101,140	570	1.1%	7	51,158	102,316	588	1.2%	1,158	2.3%
1.0	6	51,500	51,500	7	51,968	51,968	468	0.9%	8	52,658	52,658	690	1.3%	1,158	2.2%
2.0	7	52,000	104,000	8	52,593	105,186	593	1.1%	9	52,908	105,816	315	0.6%	908	1.7%
0.0	8	52,600	0	9	54,093	0	1,493	2.8%	10	54,908	0	815	1.5%	2,308	4.4%
1.0	9	54,700	54,700	10	56,143	56,143	1,443	2.6%	11	58,508	58,508	2,365	4.2%	3,808	7.0%
0.0	10	57,500	0	11	59,343	0	1,843	3.2%	12	62,708	0	3,365	5.7%	5,208	9.1%
3.0	11	63,300	189,900	12	64,193	192,579	893	1.4%	13	65,108	195,324	915	1.4%	1,808	2.9%
3.0	12	65,700	197,100	13	66,789	200,367	1,089	1.7%	14	67,108	201,324	319	0.5%	1,408	2.1%
1.0	13	68,200	68,200	14	68,889	68,889	689	1.0%	15	71,108	71,108	2,219	3.2%	2,908	4.3%
1.5	14	70,200	105,300	15	71,889	107,834	1,689	2.4%	16	75,608	113,412	3,719	5.2%	5,408	7.7%
2.0	15	70,800	141,600	16	78,989	157,978	8,189	11.6%	17	88,600	177,200	9,611	12.2%	17,800	25.1%
1.0	16	74,900	74,900	17	88,000	88,000	13,100	17.5%	17	88,600	88,600	600	0.7%	13,700	18.3%
8.0	17	87,700	701,600	17	88,000	704,000	300	0.3%	17	88,600	708,800	600	0.7%	900	1.0%
34.5			2,223,450			2,274,098					2,322,638				
MA+30				1	50,900				1	51,008					
				2	51,308				2	51,308		408	0.8%		
1.0	1	50,800	50,800	2	51,193	51,193	393	0.8%	3	51,608	51,608	415	0.8%	808	1.6%
1.0	2	51,100	51,100	3	51,493	51,493	393	0.8%	4	52,408	52,408	915	1.8%	1,308	2.6%
0.0	3	51,400	0	4	52,293	0	893	1.7%	5	52,708	0	415	0.8%	1,308	2.5%
1.0	4	52,200	52,200	5	52,670	52,670	470	0.9%	6	53,158	53,158	488	0.9%	958	1.8%
2.0	5	52,500	105,000	6	53,070	106,140	570	1.1%	7	54,658	109,316	1,588	3.0%	2,158	4.1%
1.0	6	54,000	54,000	7	55,468	55,468	1,468	2.7%	8	57,858	57,858	2,390	4.3%	3,858	7.1%
1.0	7	55,500	55,500	8	56,093	56,093	593	1.1%	9	58,008	58,008	1,915	3.4%	2,508	4.5%
0.0	8	57,800	0	9	59,193	0	1,393	2.4%	10	59,408	0	215	0.4%	1,608	2.8%
1.0	9	59,800	59,800	10	60,643	60,643	843	1.4%	11	61,008	61,008	365	0.6%	1,208	2.0%
1.0	10	62,000	62,000	11	62,843	62,843	843	1.4%	12	64,708	64,708	1,865	3.0%	2,708	4.4%
2.0	11	64,300	128,600	12	66,093	132,186	1,793	2.8%	13	67,108	134,216	1,015	1.5%	2,808	4.4%
3.0	12	67,700	203,100	13	68,789	206,367	1,089	1.6%	14	73,108	219,324	4,319	6.3%	5,408	8.0%
1.0	13	70,200	70,200	14	72,889	72,889	2,689	3.8%	15	75,108	75,108	2,219	3.0%	4,908	7.0%
0.0	14	76,200	0	15	77,189	0	989	1.3%	16	79,608	0	2,419	3.1%	3,408	4.5%
2.0	15	80,200	160,400	16	82,989	165,978	2,789	3.5%	17	90,600	181,200	7,611	9.2%	10,400	13.0%
3.0	16	84,700	254,100	17	90,000	270,000	5,300	6.3%	17	90,600	271,800	600	0.7%	5,900	7.0%
7.0	17	89,700	627,900	17	90,000	630,000	300	0.3%	17	90,600	634,200	600	0.7%	900	1.0%
27.0			1,934,700			1,973,963					2,023,920				

TOTALS:	116.5	7,549,250		7,700,231			7,850,364	Average Cum. 2-Year Increase 2,585 4.0%
Yr 1 Increase		1.02	- Target Cost	-7,700,235		- Target Cost	-7,850,390	
Yr 1 Cost		7,700,235	Difference	-5		Difference	-26	
Yr 2 Increase		1.0195						
		7,850,390						Upon Expir. 1.90%

increases (only a few hundred dollars from one year to the next). And, cumulatively, over the life of a successor three-year contract, some senior teachers have received a 40% or greater salary increase while other less senior staff members received increases over the three years of well less than 8%. If such a pattern of distribution serves a board goal, then it may not be a problem. However, disparate distribution is a problem if it does not relate to the board's objective for the successor salary guides.

Each board must decide what constitutes acceptable distribution. Boards also must be aware that, in many cases, what would otherwise be viewed by the board as unacceptably disparate distribution reluctantly becomes acceptable if that is the price that must be paid in order to accomplish some of the board's other goals for the successor salary guides. But, no matter what any particular board's view is about the need for equitable increases, it must, at a minimum, know the magnitude of the disparity among the employees in the unit.

The Best Tool to Use to Analyze Distribution

Knowing the pattern of distribution is very important in the analysis of proposed guides. To discern the pattern, it is necessary to calculate the salary rate increases each FTE would receive. Fortunately, tracking distribution is a relatively easy task using the scattergram format previously discussed. Columns can be added to the scattergram created to cost the proposed guides (displayed in Example 4). These columns can be used to record the dollar and percentage increase that each FTE would receive for Year 1, for each subsequent year, and, over the total period, from the base year to the last guide to be implemented.

In Example 5, the adjusted scattergram has been expanded to include each FTE's annual dollar and percentage salary increase as well as the cumulative increase for each FTE over the life of the new agreement.

In the new columns labeled "Increase Per FTE," the highlighted line on Example 5 shows the following for the 3.0 FTE who had been placed on Step 1 of the BA column in the Base Year:

- For Year 1, the rate increase for each FTE placed on Step 1 in the Base Year and advancing to the proposed Year 1 guide's Step 2 would be \$393 ($46,193 - 45,800 = 393$). That \$393 increase represents a percentage increase of 0.9% ($393 \div 45,800 = 0.009$, or 0.9%). Note that each 1.0 FTE will receive the \$393 increase for Year 1. However, a part-time employee, for example the 0.5 FTE would only receive an increase of \$196 (0.5×393).
- For Year 2, the rate increase for each of these FTE advancing to the proposed Year 2 guide's Step 3 would be \$415 or 0.9%
- Cumulatively, over the two years of the proposed new agreement, the salary rate for each FTE placed on Step 1 in the Base Year and advancing to Step 3 on the guide for Year 2 would increase by a total of \$808. This is calculated in either of two ways: by subtracting the

rate for the Base Year from the rate for Year 2 or by adding the increase for Year 1 to the increase for Year 2. The cumulative increase represents a 1.8% increase over the base year rate ($808 \div 45,800 = 0.018$ or 1.8%).

The lines for the other steps in the Base Year provide the same information for the remaining FTE. With this information, one should be able to readily identify any disparity in the distribution of increases. While the average increase for all 116.5 FTE in Year 1 is 2.0%, the least senior staff members on the BA column receive as little as \$393 or 0.8%, while other more senior FTE (those moving from Step 16 to 17 on the MA columns) receive a much greater increase of \$13,100 or 17.5%. Other FTE throughout the guide would receive an increase somewhere between those two extremes.

Similar disparities exist for the second year. While the average increase for all 116.5 FTE is 1.95%, some staff at the beginning steps would only receive an increase of \$408 or 0.8%, while other employees (those advancing from Step 16 to Step 17 in Year 2) would receive an increase of \$9,611 or 12.2%.

If disproportionately large or small increases in one year are not offset by the increases in other years, the distribution of increases over the life of the proposed contract will also be very skewed. The average cumulative two-year increase based on the union's proposal for all 116.5 FTE would be \$2,585 or 4.0%. The analysis of the distribution indicates that the least senior employees would receive \$808 or 1.6% over the two-year period, while some senior employees would receive much more than the average: \$17,800 or 25.1% over the life of the agreement.

Analyzing the distribution of increases for the "frozen" complement of staff is an important tool to use in assessing proposed guides.

Are the disproportionate increases acceptable? Are they compatible with "our" board's salary guide objectives? One of "our" board's salary guide goals was for equitable distribution of new salary dollars. Although what is deemed equitable to one person may not be so deemed by another, "our" board unanimously found that the proposed guides did not provide for equitable distribution and, furthermore, that the very disparate distribution did not contribute to the achievement of any of the board's other salary guide goals.

In addition to calculating the annual and cumulative increases for all FTE, it is also important that distribution be analyzed for all steps, including steps on which no FTE are projected to be placed. Distribution of increases is of concern not only for existing staff but also for new staff members who may be hired during the life of the new agreement and for staff who may advance to another salary column during the life of the successor agreement. By including all steps in the analysis of distribution, it becomes evident that, for our example, the salary increase a new staff member hired at BA Step 1 in Year 1 would receive for Year 2 will be only \$408 (0.8%). Thus, even if the distribution of new salary dollars to all FTE included in the frozen complement of staff were acceptable, this

additional distribution data may be a cause for concern.

“Our” board had a salary guide goal involving equitable distribution. But, even though a board may not have established a bargaining objective relating to the distribution of new dollars to be spent, if a careful analysis of proposed guides reveals a need to focus on distribution of new dollars, it may not be too late to reexamine and modify the bargaining objectives. However, waiting until after several guides have been proposed before identifying any distribution-related concerns will complicate matters and will make it very difficult, if not impossible, to reach a satisfactory solution. Thus, it is essential to examine the pattern of distribution, even for “unrealistic” guides proposed early in the negotiations process.

The first three components to analyzing proposed guides have now been completed. All that remains to do for a complete analysis of proposed guides is the relatively easy task of calculating the cost of increment.

Calculating the Cost of Increment

Since the final year’s guide for the new agreement will become the base year’s guide for the next round of negotiations, it is important to project what the cost of increment on that guide would be. That is true even if you are coming off a three year agreement. (See Part I of this series of articles on salary guides for a discussion of automatic incremental advancement upon expiration of a contract.) Incremental advancement on the expiring guide has a huge influence on employee expectations about salary increases for the ensuing year; for many employees, the expectation will be that the ensuing year’s salary will be at least equal to the rate for the next step on their column, if not greater. Cost of increment can also greatly influence the union’s successor guide’s objectives. For example, if the cost of just incremental advancement on the expiring guide is 2.0%, whether required or not, the union will undoubtedly seek much more, at least initially. A negotiated 2.0% increase would be entirely consumed by merely advancing all staff to the next step on the guide; and no money would be available to increase the salaries of senior staff who are at maximum and who do not get any incremental advancement.

The cost of increment for the proposed final guide can be calculated using the adjusted scattergram format. Example 6 shows the cost of increment for the final year guide.

It is important to recognize that although the total cost of increment is 1.9%, some FTE will be looking at large increments while others will be looking at relatively small increments or, for those at maximum, at no increment. The structural analysis indicated that increments ranged from \$0 for those at maximum, to \$300 (about 0.6%) for the most junior staff, and to more than \$12,900 (around 17%) for staff moving through the largest balloon.

It is also important to understand that, as a percentage factor, the cost of increment on the proposed final guide of the new agreement will likely be larger than projected. As new staff are hired and placed on the beginning steps

EXAMPLE 6

FTE	Proposed Base Year for the Next Round of Negotiations			Cost of Increment on the Guide Proposed for the Base Year in Next Round		
	Step	Rate	Cost	Step	Rate	Cost
BA				1	46,008	
	1	46,008		2	46,308	
	2	46,308		3	46,608	
3.0	3	46,608	139,824	4	46,908	140,724
3.0	4	46,908	140,724	5	47,208	141,624
3.5	5	47,208	165,228	6	47,658	166,803
4.0	6	47,658	190,632	7	48,158	192,632
5.0	7	48,158	240,790	8	49,458	247,290
3.0	8	49,458	148,374	9	51,408	154,224
2.0	9	51,408	102,816	10	53,408	106,816
0.0	10	53,408	0	11	55,508	0
1.5	11	55,508	83,262	12	57,708	86,562
1.0	12	57,708	57,708	13	60,108	60,108
2.0	13	60,108	120,216	14	63,108	126,216
2.0	14	63,108	126,216	15	67,108	134,216
2.0	15	67,108	134,216	16	71,608	143,216
0.0	16	71,608	0	17	80,600	0
3.0	17	80,600	241,800	17	80,600	241,800
4.0	17	80,600	322,400	17	80,600	322,400
<u>16.0</u>	<u>17</u>	<u>80,600</u>	<u>1,289,600</u>	<u>17</u>	<u>80,600</u>	<u>1,289,600</u>
55.0			3,503,806			3,554,231
MA				1	48,008	
	1	48,008		2	48,308	
	2	48,308		3	48,608	
1.0	3	48,608	48,608	4	49,158	49,158
3.0	4	49,158	147,474	5	50,208	150,624
4.0	5	50,208	200,832	6	50,658	202,632
1.0	6	50,658	50,658	7	51,158	51,158
2.0	7	51,158	102,316	8	52,658	105,316
1.0	8	52,658	52,658	9	52,908	52,908
2.0	9	52,908	105,816	10	54,908	109,816
0.0	10	54,908	0	11	58,508	0
1.0	11	58,508	58,508	12	62,708	62,708
0.0	12	62,708	0	13	65,108	0
3.0	13	65,108	195,324	14	67,108	201,324
3.0	14	67,108	201,324	15	71,108	213,324
1.0	15	71,108	71,108	16	75,608	75,608
1.5	16	75,608	113,412	17	88,600	132,900
2.0	17	88,600	177,200	17	88,600	177,200
1.0	17	88,600	88,600	17	88,600	88,600
<u>8.0</u>	<u>17</u>	<u>88,600</u>	<u>708,800</u>	<u>17</u>	<u>88,600</u>	<u>708,800</u>
34.5			2,322,638			2,382,076
MA+30				1	51,008	
	1	51,008		2	51,308	
	2	51,308		3	51,608	
1.0	3	51,608	51,608	4	52,408	52,408
1.0	4	52,408	52,408	5	52,708	52,708
0.0	5	52,708	0	6	53,158	0
1.0	6	53,158	53,158	7	54,658	54,658
2.0	7	54,658	109,316	8	57,858	115,716
1.0	8	57,858	57,858	9	58,008	58,008
1.0	9	58,008	58,008	10	59,408	59,408
0.0	10	59,408	0	11	61,008	0
1.0	11	61,008	61,008	12	64,708	64,708
1.0	12	64,708	64,708	13	67,108	67,108
2.0	13	67,108	134,216	14	73,108	146,216
3.0	14	73,108	219,324	15	75,108	225,324
1.0	15	75,108	75,108	16	79,608	79,608
0.0	16	79,608	0	17	90,600	0
2.0	17	90,600	181,200	17	90,600	181,200
3.0	17	90,600	271,800	17	90,600	271,800
<u>7.0</u>	<u>17</u>	<u>90,600</u>	<u>634,200</u>	<u>17</u>	<u>90,600</u>	<u>634,200</u>
27.0			2,023,920			2,063,070
TOTALS:						
116.5			7,850,364			7,999,377
			COST OF INCREMENT:		149,013	1.9%

of the guide, replacing staff at maximum who retire, the number of employees looking at increments will increase, as will the total cost of incremental advancement.

Nonetheless, calculating the cost of increment for the guide that will become a future base year guide is important. It provides an indication of something the board will face during the next round of bargaining.

The Board's Response to the Proposed Guides

Proposed guides must be analyzed so that the board can assess how well the guides mesh with the board's salary guide goals. The completed analysis includes:

- structure of the final year's guide;
- costs for each year of the new agreement;
- distribution of new salary guide money to each FTE; and,
- projected cost of increment for the next round of negotiations.

Having completed the analysis of the union's proposed guides, what is "our" board's assessment?

Assessing the Proposed Guides

Should "our" board accept the union's proposed guides? Our analysis indicates that certain aspects of the guides are acceptable. First, these guides accurately reflect the agreed upon 2.0% and 1.95% cost increases. Second, the 1.9% projected cost of increment on the guide that would be in place at the start of the next round of bargaining is lower than the 2.35% cost of increment on the Base Year's guide. And, third, the minimum salary is acceptable.

But, what about "our" board's other salary guide goals that relate to structure and distribution? The guides' differential averages have increased. The small increments between the first few steps remain basically unchanged. The balloon increments remain and, in some instances, have grown. And, the distribution is grossly disparate. Since it is very important that the district's guides reflect the board's personnel goals, and since these proposed guides impede rather than support the board's goals, these guides must be rejected.

Framing the Board's Response

In rejecting union proposed guides, a board should delineate every aspect of the proposed guides that the board finds objectionable. If the minimum rates are too high, or not high enough, say so. If the maximums are too high, say so. If balloons, other aberrations, or skewed distribution are of concern, say so. But remember, those aspects of the proposed guides that the board does not label "objectionable" will be viewed by the union as acceptable to the board. So, be complete in communicating the board's concerns.

After hearing the board's objections, the union may be willing to try to construct alternative guides that will better satisfy management's goals. Then again, it may not. The union may simply indicate that guides that would eliminate the board's concerns cannot be developed—such would be impossible. If that is the case, the board must counter with its own alternative guides that show that acceptable guides can be constructed.

An understanding of guides and their analysis may enable board members to construct guides that satisfy the board's salary guide goals. A board can also seek help in the construction of guides from in-district personnel as well as outside professionals who may have the necessary training and expertise in salary guide development. In determining what approach would best achieve its goals, the board may decide that the best approach would be to develop guides working from the base year guide, or it may decide that modifying certain aspects of the union's proposed guides will suffice. While salary guide construction is beyond the scope of this article, readers who are interested in learning more about some guide modification techniques should refer to the article "Breaking Balloons" included in this section of *The Negotiations Advisor*.

Once the board has developed a counterproposal, it will need to present this proposal to the union and seek union agreement. Since the union may not accept the board's first counterproposal, the parties will need to engage in the give and take of the bargaining process. In this process, the board needs to be prepared to use its negotiations skills to achieve its salary guide goals.

Negotiating Salary Guides

When negotiating salary guides, it is most important that the board effectively uses the same fundamental bargaining techniques and skills that it needs to employ when negotiating other matters. Although a full discussion of all of the requisite techniques and skills is beyond the scope of this article, a few warrant specific attention.³

Be Aware of the Union's Needs It is always important for a board to be aware of the union's needs. Frequently, in spite of its rhetoric, the union does not have very specific or absolute needs for the successor guides. Boards all too often accept the union's posturing at face value. Worse yet, a board may remember things that the union said when negotiating guides in prior years and assume that those statements reflect the union's current needs. Those prior positions may, in fact, be obsolete.

How does one distinguish between needs and wants? If it is a need, the union will continually and relentlessly reiterate its position. Careful listening to the union's defense of its positions, over a long period of time, will help a board to identify any modification in the union's positions. No change, whatsoever, may signal that the union

³ Many other articles in *The Negotiations Advisor* address these general bargaining techniques and skills: e.g., Preparing for Bargaining, Bargaining Parameters, Basic At-the-Table Don'ts, Understanding the Union, and Trade-offs and Packaging.

sees its position as a real need. Modification, no matter how modest, may indicate that the union's need is less than that which it has been advocating. Carefully noting changes in the union's positions helps a board to assess the union's real needs.

The union will also offer reasons supporting its need. For example, the union may assert that large increases at maximum are critical, otherwise ratification would be impossible. Such claims must be evaluated by the board and not just accepted at face value. The board's review of the staff affected by the disputed increases, the history of prior increases for these staff members, and an analysis of the entire bargaining unit can help the board determine whether the union is overstating the extent of the problem.

The union's agreement to some important aspect of the board's salary guide proposal, in exchange for a board concession on a particular feature of the union's proposed guide, may highlight a real union "need." The magnitude of concessions the union offers on other aspects of the guide that the board finds troublesome can help the board to better assess the union's needs. Since successor guides ultimately require mutual acceptance, the union's needs are important considerations for the board. However, in attempting to find solutions, the board must continue to protect its own needs.

Keeping track of its underlying need permits a board to respond productively to the union's relentless opposition to the elimination of balloon increments. Perhaps the board could achieve its need through other modifications. For example, simply reducing the size of the balloon increment to some more manageable amount may be sufficient. Or, the agreement may contain language that makes it clear that, upon the expiration of the agreement, there will be no incremental advancement except as may be agreed to in the next round of negotiations. This language is essential in any agreement covering less than three years since the Neptune decision only comes into play at the expiration of a three year agreement.

Keep Track of the Board's Needs The board must continually keep in mind its real needs, and not just its bargaining goals. For example, the board's goal may be to eliminate a balloon increment because of its impact on the cost of increment. The board also may have argued that the balloon creates very disparate distribution. However, the board's real need is to reduce the cost of increment upon the expiration of the new agreement.

If a board's salary guide goal receives minimal union opposition, there is probably no reason for the board to back away from that goal. However, if the goal receives relentless union opposition, the board may want to reconsider the goal in light of its real need. Such reconsideration may not lead to a modification of the board's salary guide goal that allows a concession on the union's position, but it may. Focusing on the board's underlying need can increase achievability. It is also important to know that the pace at which concessions are made and positions are modified can greatly affect achievability.

Move Slowly and Incrementally To achieve the board's objectives, the board should be sure to move slowly and incrementally. When able to move towards the union's salary guide position, a board should move a little bit at a time, even when a lot can be conceded. After each movement towards the union's position, look for a counter concession from the union. Slow and incremental movement is one of the best ways to communicate the importance of the board's needs. It also is an excellent technique to help the board assess the union's needs.

A Final Word

The three articles in this series on salary guides have endeavored to make this very complex subject understandable and to provide board negotiators with the necessary knowledge to be able to address their district's salary guide issues. There are some caveats of which readers should be aware.

First, throughout these three articles on salary guides, cost, structure, and distribution have been addressed, all too often, as three distinct components. However, each component relates to and is affected by the others. For example, distribution and structure impact on cost; structure impacts on distribution; and distribution affects structure. While it is important to understand each of these individual components, it is also essential to recognize the interrelationship among the various components of the guide.

Second, it is important to recognize that a true understanding of the concepts and techniques discussed throughout these articles will only come with practical application. Real learning takes place when that which is taught is applied. As boards begin to analyze their own guides, establish their own bargaining goals, and analyze proposed guides, many of the concepts that have been covered will begin to crystallize and will be clarified. When applying various analysis techniques, readers will find it helpful to periodically refer back to all three parts of this series on salary guides.

There is no question that addressing a district's salary guide concerns requires a commitment of time and energy; but a board that takes the time to understand the importance and impact of salary guides, that does the necessary homework and analysis, and that negotiates guides consistent with management's goals will have served its district well.

Upon request by a local district, the NJSBA will provide cost and structural analyses of a district's expiring salary guide plus analyses of one proposal, telephone advice, as well as an in-district consultation, if desired, as dues based services. Guide construction and counterproposals are available as fee based services as is at the table representation for negotiating guides.