

The Snoop:

Apples and Elbows; Ava School Board Incorrectly Comparing Employee and Contractor Pay Rates



by Michael Boyink

I used to drive my tax guy nuts.

I had a business, in which I worked as a 1099-based contractor to other businesses. I would also hire other freelancers as 1099-based contractors.

But some years I also took part-time jobs, working as a W-2 employee.

And we sold digital products.

And we traveled. I once worked in 18 different states to build one website for a client.

I navigated pay negotiations each time. Project pricing, hourly pricing, value-based pricing, hourly rates, overhead costs, employee wages, employee benefits, product pricing, profit models – all taken into account each time a new money-making situation came along.

So I'm a bit befuddled when Ava School Board members want to bring teacher pay into discussions about bus driver pay.

Here's why.

You can't directly compare salaries paid to a W-2 Employee and a 1099 Contractor.

As an employer, the money you pay a W-2 employee only represents a fraction of their cost to the business.

Take the base salary. Then add insurance costs. Bonuses. 401K contributions. Payroll taxes. Computer costs. Phone costs.

Online calculators I found estimate that employees cost their employers 1.99 times what their salary is.

My records show that the Ava School Board recently voted to raise the base teacher pay to \$31,575.

That means the cost of that teacher to the school each year is \$62,834.

But, 1099 contractors also cost the business more than their contracted price, right? Indeed, some of school's infrastructure, time and money is expended in dealing with the bus drivers.

But it's not nearly as much. The multiplier for contracted labor is estimated to be 1.18 times their contracted price.

So, if a bus driver invoiced the school for that same \$31,575 the total cost to the school is only \$37,258.

All that to say, if the School Board *actually* wants to keep employee/teacher pay equitable to driver/contractor pay the drivers should be getting more, and higher raises than the teachers.

That's assuming the issue isn't just a red herring designed to give the impression that the School Board is willing to discuss the issue while

already having made up their minds to vote down any raise for the bus drivers.

Historically, the Ava R-1 School Board has increased bus driver pay at a rate less than half of teacher pay increases.

The School Board discussion seems to get hung up on how many years teachers got raises vs. the bus drivers.

It's not about the number of years raises were given or not.

It's the cumulative effect of all of the pay raises over the years.

And the numbers have to be calculated compounding the percentages over time.

For example, if I give you a 2% raise one year, then another 2% raise the next, you didn't get a 4% raise. You got a total of a 4.04% raise – because the second 2% was applied to a larger based number.

Using data provided by the Ava Schools and distributed at a board meeting, I calculate that as of the 2018/2019 school year, the bus drivers base salary had increased a total of 14.6% since the 2007/2008 school year.

Teacher pay had increased 33% over that same period.

But really, teachers and drivers are apples and elbows.

Yes, they all impact the experience students have at Ava schools.

But it's a different employment arrangement – W-2 vs. 1099. Employee vs. self-employed. Full time vs. part time. Job expenses paid for by someone else, or job expenses coming out of your own pocket.

The Ava School Board needs to set aside teacher pay comparisons, and approach the bus driver pay issue with just one question:

What's fair?