

# CASBO

*CONNECTICUT ASSOCIATION OF SCHOOL BUSINESS OFFICIALS*

RE: SB #612

Good Afternoon. My name is David Lenihan and I serve as the school business administrator of the Regional School District #10. Additionally, I am President of the Connecticut Association of School Business Officials (CASBO).

On behalf of the members of CASBO, I thank you for raising SB #612 An Act Concerning School Business Administrators which would include certified school business administrators (SBAs) in the Connecticut Teachers Retirement System. We are grateful to the committee for moving the bill last year and hope that it will become law this year.

There are approximately 100 SBAs employed in the public schools of Connecticut who are not eligible for membership in CTRS by virtue of their certification status. It is the only certificated position excluded from CTRS membership. Because of this unique situation, a current CTRS member, such as a teacher, who accepts an SBA position, is no longer eligible for continuing CTRS membership. This is a deterrent to a teacher who may be considering a promotional career path to the position of SBA.

CASBO recently conducted a survey of the other states regarding this issue. Of the 36 respondents, Connecticut was one of just 3 states that do not provide a state pension for SBAs.

School districts would benefit from having SBAs participate in CTRS because they would no longer be responsible for the payment of Social Security payroll taxes (6.2% of compensation).

Many school districts that employ SBAs and have a pension plan do not provide pension benefits comparable to CTRS and there is generally no portability of pension benefits from district to district. The bill will allow districts to attract and recruit experienced candidates from other districts.

The efficient and effective management of district resources is critical. School districts would benefit by allowing them to recruit the "best and brightest" from a larger pool. School Business Administrators' inclusion in CTRS would benefit employees and school districts alike. On behalf of my colleagues, I respectfully request that you approve legislation to include certified school business administrators in CTRS to bring the concept to fruition.

David Lenihan  
School Business Administrator – Regional School District # 10  
President – Connecticut Association of School Business Officials  
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*SCHOOL BUSINESS OFFICIALS...VITAL PARTNERS IN SCHOOL LEADERSHIP*

# CASBO

## CONNECTICUT ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

### **School Business Administrators ... vital partners in school leadership.**

The Connecticut Association of School Business Officials, and the members who comprise it, are dedicated to linking the goals of Boards of Education to the effective management of resources to accomplish quality education.

Certified school business administrators are required to continue their professional education. The majority of administrators hold a Master's Degree as required for the "Professional" level of certification. Similar to other administrators, these are professionals dedicated to the betterment of schools and the education system in the State of Connecticut. Unlike teachers however, certificated school business administrators are not eligible for membership in the Connecticut Teachers' Retirement System (CTRS).

#### **Benefit**

The efficient and effective management of district resources is critical, especially with regard to No Child Left Behind requirements. School districts would benefit by allowing them to recruit the "best and brightest" from a larger pool of experienced candidates. Participation in CTRS by school business administrators would enhance the administrators' employment options.

#### **Background**

Legislation enacted in 1983 required the State Department of Education (SDE) to adopt regulations for the certification of School Business Administrators (SBAs). In addition, this legislation specifically excluded persons serving in SBA positions to be eligible for membership in the Connecticut Teachers' Retirement System (CTRS).

As mandated, SDE adopted regulations requiring a person to hold an SBA certificate (Endorsement 085) if the person were employed by a local board of education in a position that is responsible for six (6) or more of the eleven (11) administrative functions delineated by the regulations.

However, an exemption exists if a person is employed in a similar administrative position that performs less than the six of the eleven administrative functions and possesses an Intermediate Administration or Supervision Certificate (Endorsement 092). In this case, the person is eligible for membership in CTRS.

There are approximately 100 SBAs employed in the public schools of Connecticut who are not eligible for membership in CTRS by virtue of their certification status. It is the only certificated position excluded from CTRS membership. Because of this unique situation, a current CTRS member who accepts an SBA position is no longer eligible for continuing CTRS membership. Conversely, a person performing under an SBA endorsement may become eligible for CTRS membership if he/she subsequently performs less than six (6) of the administrative functions and holds Intermediate Administration or Supervision Certificate (Endorsement 092- (IA Certificate))

SBAs are more likely to be employed in small to mid-size school districts where the position is responsible for the majority of administrative functions. Larger school districts with more staff are likely to allocate these duties to various staff for which Intermediate Administration or Supervision Certificate (Endorsement 092) is appropriate and required (Assistant Superintendent for Business, Human Resources Director etc.)

*SCHOOL BUSINESS OFFICIALS...VITAL PARTNERS IN SCHOOL LEADERSHIP*

## **Rationale for including SBAs in CTRS**

- School districts would benefit from having SBAs participate in CTRS because they would no longer be responsible for the payment of Social Security (SS) payroll taxes (6.2% of compensation) (CTRS members are excluded from participating in SS). Only 9 out of 84 respondents to a recent CASBO survey indicated they were not paying full SS contributions. Those districts currently offering a pension plan would also see additional savings if the SBA is no longer participating in a district plan (56 out of 84 respondents to a recent CASBO survey were participating in a town-sponsored pension plan).
- School districts will benefit by being able to attract and recruit qualified candidates from other school districts since the benefits under CTRS are portable from district to district.
- The current law is inherently unfair to small to mid-sized school districts that will typically utilize an SBA position rather than an IA position. Districts that employ SBAs generally will have a more difficult time attracting qualified candidates than districts that have positions which are eligible for CTRS.
- Based on data from CTRS's latest actuarial valuation as of 6/30/2006, we estimate the normal cost to the State for the inclusion of SBAs to be approximately \$84,084 in FY 2008-09, representing 0.08243% of the State's total normal cost of \$102,001,618 for that fiscal year. We estimate that the cost of ultimately including all SBAs in CTRS would cost the State 0.55685% of the State's total normal cost based on an assumption of 170 participating SBAs in FY 2023-24
- The current law, barring SBAs from participation in CTRS, is a deterrent to current members considering a promotional career path change to a position of SBA since they will no longer be eligible for CTRS membership.
- Current certification standards are just as rigorous as those of a teacher/administrator regarding degree requirements and continuing education credits.
- Pension portability is also another factor. Accepting a new position in another school district may lead to the loss of CTRS membership if the new position requires an SBA certificate rather than an IA Certificate.
- Many school districts that employ SBAs and have a pension plan do not provide pension benefits comparable to CTRS and there is generally no portability of pension benefits from district to district.
- Inclusion of SBAs as members of CTRS for those individuals currently serving as SBAs would be voluntary in nature and for which a lifetime election to participate or not participate would be made. Service credit in CTRS would be prospective only with no provision for buying pre-CTRS membership (based upon a recent CASBO membership survey, 29 out of 84 respondents would be "somewhat likely" or "very likely" to opt for CTRS membership if given the opportunity to do so).
- Connecticut is one of only 3 states that does not provide for a state pension for their SBAs (of the 36 states that responded to a recent survey).
- All newly certified SBAs employed on or after the effective date of the legislation would be required to participate in CTRS.

## **Conclusion**

School Business Administrators inclusion in CTRS would benefit employees and school districts alike.

**Cost Analysis to include School Business Administrators(085 Endorsements)  
As Members of the Connecticut Teachers' Retirement System  
Prepared by William Sudol March 10, 2006**

Revised 3/5/2007      Revised 11/14/2007      12/5/2007  
 technical correction

Assumed average salary of \$100,327.50 for FY 2008-09 and enrollment of 29 SBAs into TRB 10/1/2008  
 Assumed 12.5% increase in SBA population per year due to attrition of 085s ineligible for TRB  
 Assumed 5% salary increase per year      Assumed Effective date 7/ 10/1/2008

Sch Year	# SBAS	AV. SAL	TOT Sal	Nor. COST ' Tot. Norm C: Tot. Payroll	Total Nor. Cost	% Cost
2007-08	29	\$	100,327.50	\$ 84,084	\$ 102,001,618	0.08243%
2008-09	33	\$	105,343.88	\$ 99,325	\$ 106,081,683	0.09363%
2009-10	37	\$	110,611.07	\$ 117,327	\$ 110,324,950	0.10635%
2010-11	41	\$	116,141.62	\$ 138,593	\$ 114,737,948	0.12079%
2011-12	46	\$	121,948.70	\$ 163,713	\$ 119,327,466	0.13720%
2012-13	52	\$	128,046.14	\$ 193,386	\$ 124,100,565	0.15583%
2013-14	59	\$	134,448.45	\$ 228,437	\$ 129,064,588	0.17699%
2014-15	66	\$	141,170.87	\$ 269,841	\$ 134,227,171	0.20103%
2015-16	74	\$	148,229.41	\$ 318,750	\$ 139,596,258	0.22834%
2016-17	84	\$	155,640.88	\$ 376,524	\$ 145,180,108	0.25935%
2017-18	94	\$	163,422.93	\$ 444,769	\$ 150,987,312	0.29457%
2018-19	106	\$	171,594.07	\$ 525,383	\$ 157,026,805	0.33458%
2019-20	119	\$	180,173.78	\$ 620,608	\$ 163,307,877	0.38002%
2020-21	134	\$	189,182.46	\$ 733,094	\$ 169,840,192	0.43164%
2021-22	151	\$	198,641.59	\$ 865,967	\$ 176,633,800	0.49026%
2022-23	170	\$	208,573.67	\$ 1,022,923	\$ 183,699,152	0.55685%
2023-24		\$	35,395,276.65	\$ 41,022,923	\$ 6,356,372,040	
Total Payroll			2007-08		\$ 3,393,719,000	
Source TRB Valuation 6/30/2006						
Future payroll is assumed to increase at 4%						
Normal cost from 6/30/2006 Valuation @ 2.89%						
Assumes all SBAs covered by TRB during 2023-24 FY						

Revised Survey projects that 29 SBAs would elect TRB membership in effective 2008-09

**Cost Analysis to include School Business Administrators(085 Endorsements)**

**As Members of the Connecticut Teachers' Retirement System**

**Prepared by William Sudol March 10, 2006**

**Revised 11/14/2007**

**12/5/2007**

**Revised 3/5/2007**

Assumed average salary of \$100,327.50 for FY 2008-09 and enrollment of 29 SBAs into TRB 10/1/2008

Assumed 12.5% increase in SBA population per year due to attrition of 085s ineligible for TRB

Assumed 5% salary increase per year Assumed Effective date 10/1/2008

Sch Year	# SBAS	AV. SAL	TOT Sal	SS Savings to Municipality 6.2%	Max Avgs. Savings per unit
2007-08	29	\$ 100,327.50	\$ 2,909,497.50	6.2%	\$ 180,389
2008-09	33	\$ 105,343.88	\$ 3,436,843.92	6.2%	\$ 213,084
2009-10	37	\$ 110,611.07	\$ 4,059,771.88	6.2%	\$ 251,706
2010-11	41	\$ 116,141.62	\$ 4,795,605.54	6.2%	\$ 297,328
2011-12	46	\$ 121,948.70	\$ 5,664,809.04	6.2%	\$ 351,218
2012-13	52	\$ 128,046.14	\$ 6,691,555.68	6.2%	\$ 414,876
2013-14	59	\$ 134,448.45	\$ 7,904,400.15	6.2%	\$ 490,073
2014-15	66	\$ 141,170.87	\$ 9,337,072.67	6.2%	\$ 578,899
2015-16	74	\$ 148,229.41	\$ 11,029,417.09	6.2%	\$ 683,824
2016-17	84	\$ 155,640.88	\$ 13,028,498.94	6.2%	\$ 807,767
2017-18	94	\$ 163,422.93	\$ 15,389,914.37	6.2%	\$ 954,175
2018-19	106	\$ 171,594.07	\$ 18,179,336.35	6.2%	\$ 1,127,119
2019-20	119	\$ 180,173.78	\$ 21,474,341.07	6.2%	\$ 1,331,409
2020-21	134	\$ 189,182.46	\$ 25,366,565.39	6.2%	\$ 1,572,727
2021-22	151	\$ 198,641.59	\$ 29,984,255.36	6.2%	\$ 1,857,784
2022-23	170	\$ 208,573.67	\$ 35,395,276.65	6.2%	\$ 2,194,507
2023-24					

**Assumes all SBAs covered by TRB during 2023-24 FY**

Revised Survey projects that 29 SBAs would elect TRB membership in effective 10/1/2008  
 SS Costs based on current rate of 6.2% and does not take into consideration that after max  
 earnings the SS rate decreases to 1.45%.

The Max. earnings rate for 2008 is \$102,000