



OVERVIEW OF TEACHER SALARIES – HOW DOES VIRGINIA GET TO THE NATIONAL AVERAGE?

House Appropriations Committee
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Susan L. Hogge



Overview

- To better understand how salary averages and salary increases are effectuated, we need to first look at how salaries are funded
- Local school salary compensation and any salary increases or pay adjustments (bonuses, longevity add-on) are determined by the local school board
 - Teachers and all other personnel are employed by the local school divisions, and as such, salary compensation
 - Each division decides the number of employees they hire, structure of the salary levels, pay band ranges for beginning and top-end of salary tables, any additional salary benefits



Overview

- The state's role in school employee compensation is two-fold:
 - First is determining a prevailing salary amount used in the Appropriation Act budget that's used for allocating local school aid payments for the salary costs to the school divisions
 - At the beginning of a new 2-year budget, the funded salary amounts are updated during rebenchmarking to reflect compensation actions taken by school divisions and the state
 - The second form is through the Compensation Supplement Incentive account in the budget to incentivize localities to provide a pay raise
 - Designated as optional participation for school divisions – not mandated
 - As an example, the current budget includes \$203.5 million in FY 2020 for a 5.0% incentive to increase teachers and support staff salaries – however, there were several divisions that elected not to participate in the state's pay incentive and consequently did not receive the state dollars provided for the full 5.0% salary increase



What Is Virginia's Teacher Salary Average? There Are 3 Methodologies

- There are three different salary averages for Virginia:
 - First one is determined by VDOE as a simple straightforward average calculation reported in the annual school salary survey
 - Second methodology is computed by National Education Association (NEA) to compute average teacher salaries for each state
 - NEA methodology is different from Virginia's two calculations because it excludes certain positions, often higher paid ones that are included in Virginia's model to fund salaries through the SOQ
 - Reflects a two-year lag in reporting state's annual salary averages
 - Third one, calculated by DOE, is a weighted prevailing average –
 - Methodology included in budget language since late 1980s & is used to:
 - Drives SOQ-funding formula in the budget for school aid and distributes funds to localities
 - Calculates the amount of funding needed for an incentivized salary increase that the state offers to localities



- Virginia's Average Teacher Salary calculation**
- NEA's Average Teacher Salary calculation
- Appropriation Act Prevailing Average Teacher Salary calculation



Virginia's Average Teacher Salary Calculation

- Each school division reports respective data for total expenditures and number of positions in their year-end Annual School Report (ASR) submission to VDOE
- VDOE assembles the collective salary average reports from all the divisions and programs into the 'Average Teacher Salary Survey Report', and submits it to the General Assembly annually by the first day of Session – as directed by budget language
- The Department uses the salary and position data related to teachers, counselors, librarians and instructional technology to calculate an average teacher salary for:
 - elementary grade levels (kindergarten to grade 7)
 - secondary grade levels (8 to 12)
 - a single division or program average teacher salary for all grade levels
- As a group, all reported salary expenditures and positions from the school divisions, Governor's Schools, Special Education and Career and Technical Education Regional Programs, and Alternative Education Programs are compiled and used to determine the single statewide average teacher salary



Calculating Virginia's Average Teacher Salary

Statewide Average Teacher Salary Calculations ¹ (Annual School Report - Financial Section Data)		
	<u>FY 2017</u> (\$ in millions)	<u>FY 2018</u> (\$ in millions)
<u>Total Salary & Wage Expenditures</u>		
Classroom Instruction - Teacher	\$5,150.7	\$5,528.1
School Counselor	226.4	243.3
Librarian/Media	119.6	126.2
Technology Instruction	89.1	97.8
TOTAL:	\$5,585.8	\$5,995.4
<u>Total Positions</u>		
Instructional Classroom - Teacher	91,804	97,137
School Counselor	3,793	3,922
Librarian/Media	2,070	2,076
Technology Instruction	1,457	1,583
TOTAL:	99,125	104,717
Statewide Average Salary	\$56,351	\$57,253

¹ Includes school divisions and regional programs

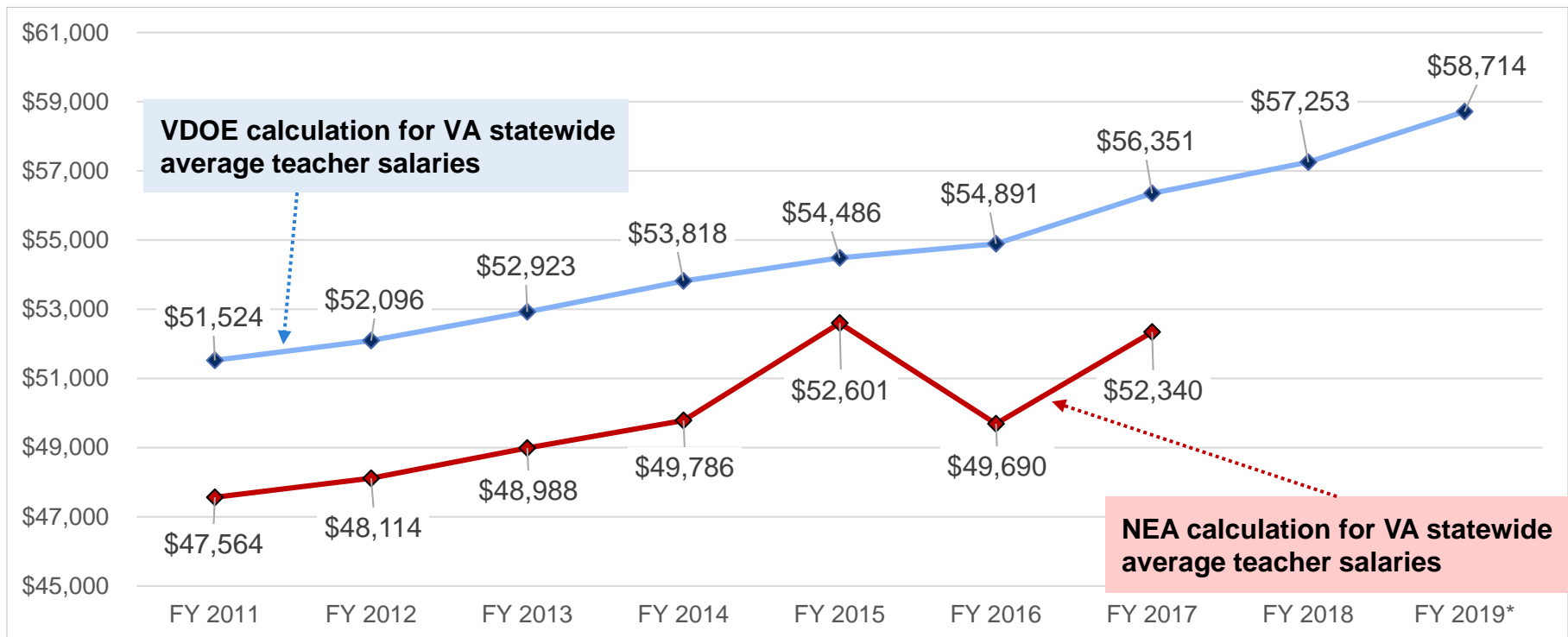


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NEA's Calculated Average

- In contrast, the NEA national teacher salary average is calculated differently from VDOE's methodology and as a result, their calculation decreases Virginia's average
- NEA's calculation for an average salary includes the expenditures for classroom & homebound teachers, and substitute teachers
- VDOE's calculation includes classroom & homebound teachers, (but not substitute costs) -- in addition, includes costs for school counselors, librarians, instructional technology positions -- which are counted and funded as instructional-based positions in the budget -- plus any supplemental salary expenditures for all these same positions



*FY 2011 to FY 2018 are actual average salaries, and FY 2019 is a budgeted estimate



National & SREB Rankings – Where's Virginia?

- Although NEA puts together a national ranking based on its calculated average teacher salary for states and DC, it may be helpful and more relevant to look at those states surrounding Virginia for a closer peer comparison
- The table shows Virginia along with our neighboring states in the Southern Regional Education Board (SREB) to provide another prospective on rankings for FY 2015 - FY 2017
- If VDOE's averages were used for these same three years in lieu of NEA's, then Virginia's ranking would change: for example, in FY2017 Virginia would have ranked 21st nationally and 3rd within the SREB state group

FY 2015 (revised \$)				FY 2016 (revised \$)			FY 2017 (revised \$)		
NEA Natl	SREB	State	Avg Salary	NEA Natl	SREB	Avg Salary	NEA Natl	SREB	Avg Salary
39	11	Alabama	\$50,594	38	10	\$48,518	34	7	\$50,391
37	10	Arkansas	\$50,851	39	11	\$48,218	43	12	\$48,304
12	2	Delaware	\$62,646	14	2	\$59,960	13	2	\$61,286
36	9	Florida	\$50,927	46	13	\$46,612	45	13	\$47,267
17	3	Georgia	\$59,457	23	3	\$54,190	22	3	\$55,532
29	6	Kentucky	\$53,578	27	4	\$52,134	29	6	\$52,338
21	4	Louisiana	\$56,417	34	6	\$49,745	39	11	\$49,801
8	1	Maryland	\$69,312	8	1	\$66,456	7	1	\$68,357
50	16	Mississippi	\$44,057	50	16	\$42,744	51	16	\$44,659
45	14	North Carolina	\$47,792	41	12	\$47,941	38	10	\$49,970
48	15	Oklahoma	\$47,301	49	15	\$45,276	50	15	\$45,292
34	8	South Carolina	\$51,043	37	9	\$48,769	37	9	\$50,000
40	12	Tennessee	\$50,175	36	8	\$48,817	36	8	\$50,099
27	5	Texas	\$53,853	28	5	\$51,890	27	4	\$52,525
31	7	Virginia	\$52,601	35	7	\$49,690	28	5	\$52,340
44	13	West Virginia	\$47,919	48	14	\$45,622	49	14	\$45,555
		National	\$59,377			\$58,479			\$59,539

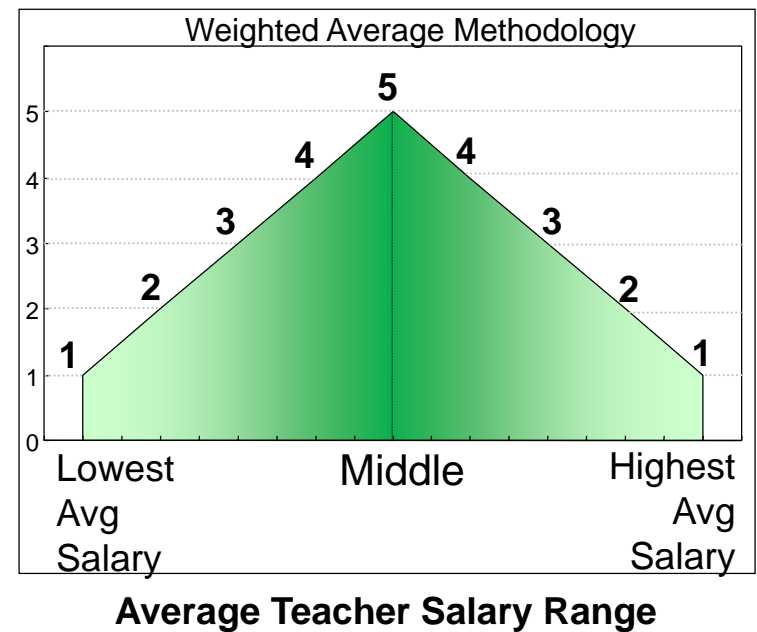


- Virginia's Average Teacher Salary calculation
- NEA's Average Teacher Salary calculation
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How Are Appropriation Act Prevailing Salaries Calculated?

- The prevailing average methodology has been in place for over 30 years
- VDOE starts with the salaries reported in the Average Teacher Salary Survey for the divisions – which are simply straightforward averages
 - Data includes regular salaries and the salary amount added for the cost of living adjustment in certain divisions
 - Data distributed into elementary and secondary grade levels
- Next, the Department applies a weighted factor to the divisions' elementary and secondary averages to determine the prevailing averages
 - the methodology gives the largest weight adjustment to those salaries that are clustered around the middle of all the salary averages in order to help ensure that the final statewide averages are not unduly influenced by those divisions with unusually high or low salary averages





What is the Difference Between Prevailing vs Average?

In the context of re-benchmarking SOQ teacher salary costs, 'prevailing' has a very specific operational definition: instead of being a simple mathematical average, the rebenchmarking methodology applies a weighted factor to each school division average salary amounts – included in the budget distributions

- Salaries that are centered around the middle are weighted more than the salaries that spread out to the low and high ends of the average teacher salaries reported by the school divisions
- Example:

- ▶ **Simple Straightforward Average** of the following 9 values:

step 1: $28+30+32+33+34+35+36+40+58 = 326$

step 2: 326 divided by 9 (number of units being counted) = **36.2 Simple Average**

- ▶ **Linear Weighted Average** of those same 9 values:

step 1: 28 is weighted/counted 1 time: 28

30 is weighted/counted 2 times: 30, 30

32 is weighted/counted 3 times: 32, 32, 32

33 is weighted/counted 4 times: 33, 33, 33, 33

34 is weighted/counted 5 times: 34, 34, 34, 34, 34

35 is weighted/counted 4 times: 35, 35, 35, 35

36 is weighted/counted 3 times: 36, 36, 36

40 is weighted/counted 2 times: 40, 40

58 is weighted/counted 1 time: 58

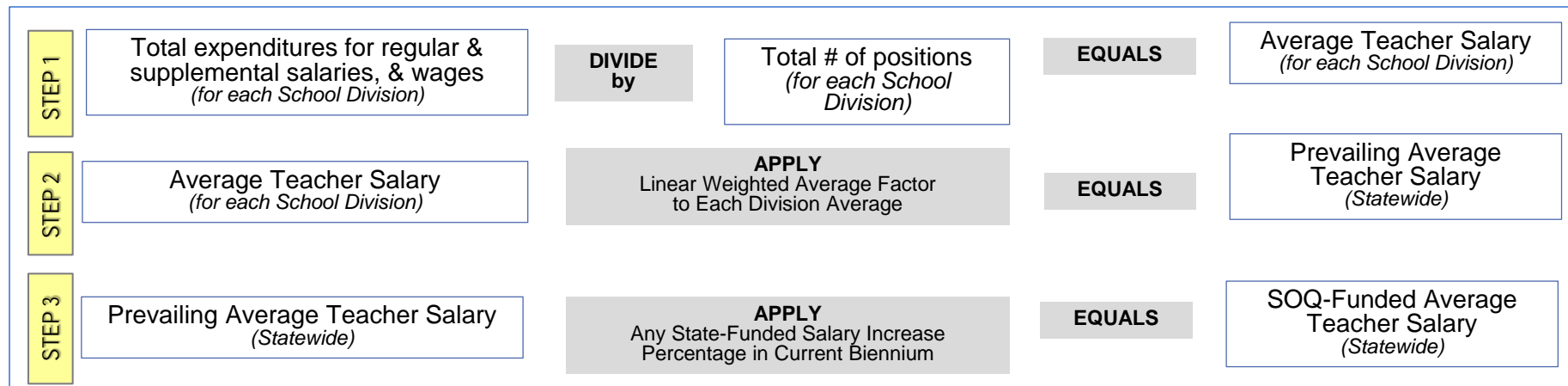
step 2: all these numbers added together = 872

step 3: 872 divided by 25 (number of units being counted) = **34.9 Weighted Average**



How Are Appropriation Act Prevailing Salaries Calculated?

- Using prevailing average salaries represents what the majority of divisions are paying teachers instead of a straight average calculation which skews the results due to the wide variation of cost of living across the state
- The statewide weighted averages are then increased by any state-funded salary increase included in the adopted budget – and are updated every 2-years to reflect teacher compensation



- Although the state provides its share of funding for the prevailing salary amounts reflected in the budget, the school divisions actually determine what salaries and raises are provided to their teachers and other staff



Comparison of Budget Appropriation Salaries to the VDOE Average Teacher Salary Report Data

	FY 2017	FY 2018	FY 2019 ¹
Blended Prevailing Salary Average²	\$48,214	\$48,219	\$49,457
# of Divisions with Reported Average Teacher Salaries <u>Less Than</u> State Funded Average²	59	56	59
<i>lowest average</i>	\$37,116	\$36,696	\$37,048
<i>highest average</i>	\$48,092	\$48,118	\$49,422
# of Divisions with Reported Average Teacher Salaries <u>Greater Than</u> State Funded Average²	73	76	73
<i>lowest average</i>	\$48,253	\$48,546	\$49,536
<i>highest average</i>	\$78,617	\$88,323	\$92,737

¹ School divisions' estimated budgeted amount on Annual Average Teacher Salary Survey report

² Estimated single blended prevailing average salary is calculated from weighting the Appropriation Act's teacher salary amounts of \$48,298 for elementary teachers and \$51,167 for secondary teachers into one amount by the percentages of the student membership totals for K-7 and 8-12 (the weighted percentage is estimated about 60% / 40% respectively)



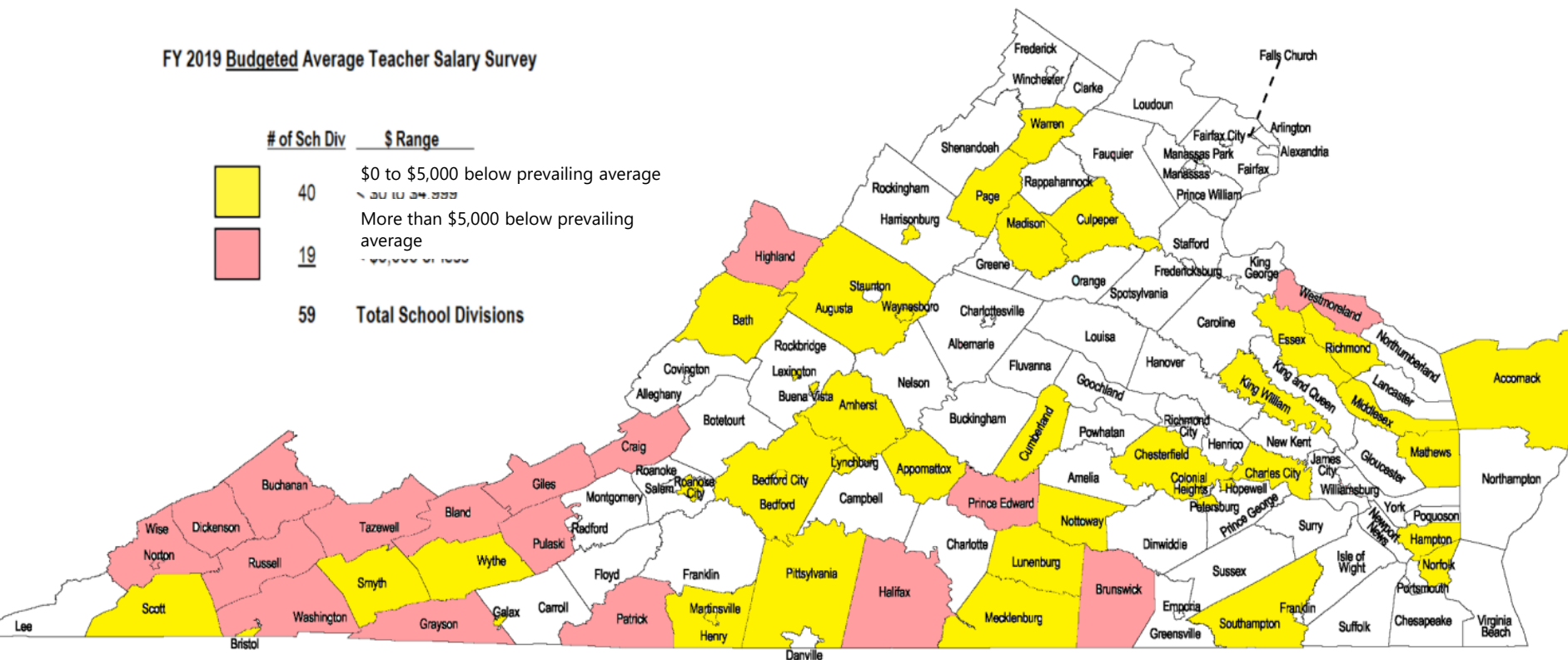
School Divisions with Reported FY 2019 **Budgeted** Average Salaries That Were Below the Averaged Blended Prevailing State Funded Salary of \$49,457*

- Forty divisions reported salaries that ranged from \$44,509 to \$49,422
 - \$0 - \$5,000 below the blended prevailing average

- Nineteen divisions reported salaries that ranged from \$37,048 to \$44,247
 - More than \$5,000 below the blended prevailing average

FY 2019 Budgeted Average Teacher Salary Survey

# of Sch Div	\$ Range
40	\$0 to \$5,000 below prevailing average
19	More than \$5,000 below prevailing average
59	Total School Divisions



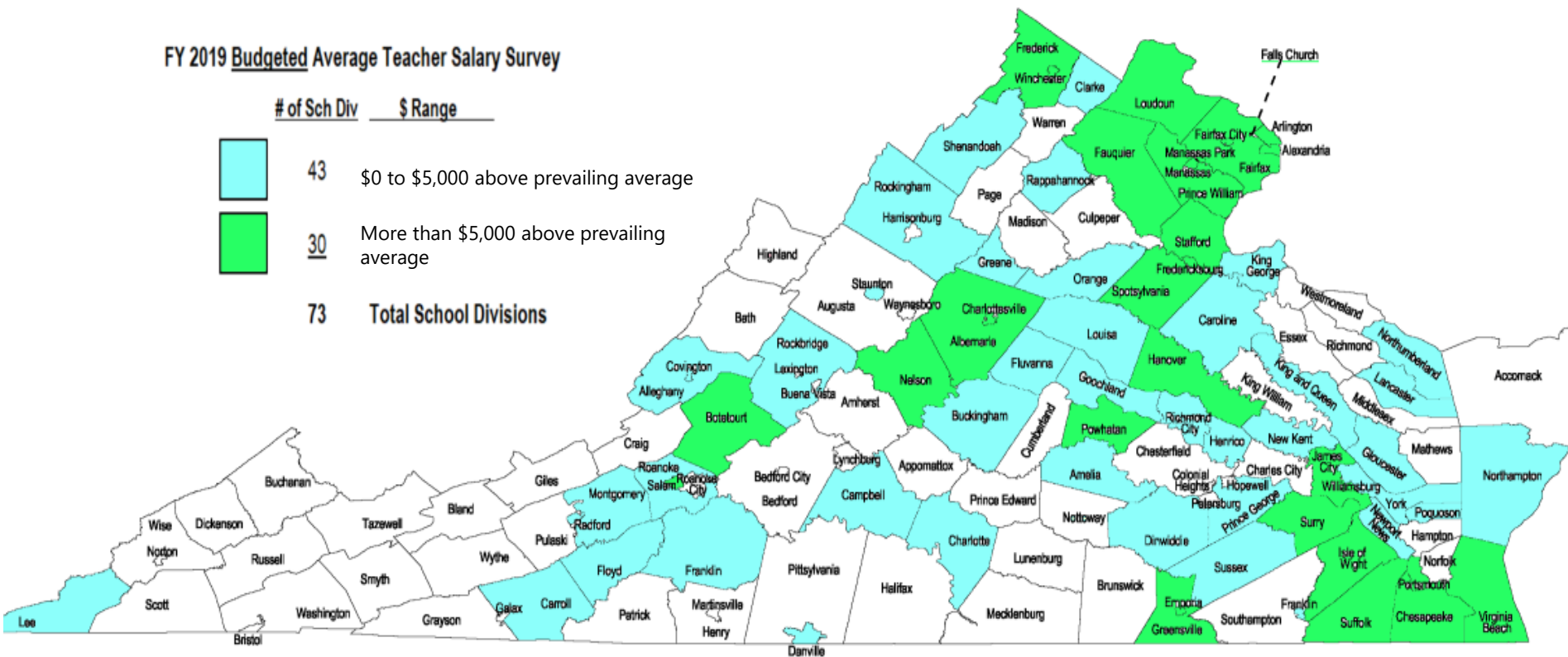
* Estimated single prevailing blended average salary is calculated from weighting the two Appropriation Act's teacher salary amounts of \$48,298 for elementary teachers and \$51,167 for secondary teachers into one amount by the percentages of the student membership totals for K-7 and 8-12 (the weighted percentage is estimated about 60% / 40% respectively)

School Divisions with Reported FY 2019 **Budgeted** Average Salaries That Were Greater Than Averaged Blended Prevailing State Funded Salary of \$49,457*

- Forty-three divisions reported salaries that ranged from \$49,536 to \$54,395
 - \$0 - \$5,000 above the blended prevailing average
- Thirty divisions reported salaries that ranged from \$54,537 to \$92,737
 - \$5,000 or more above the blended prevailing average

FY 2019 Budgeted Average Teacher Salary Survey

# of Sch Div	\$ Range
43	\$0 to \$5,000 above prevailing average
30	More than \$5,000 above prevailing average
73	Total School Divisions



* Estimated single prevailing blended average salary is calculated from weighting the two Appropriation Act's teacher salary amounts of \$48,298 for elementary teachers and \$51,167 for secondary teachers into one amount by the percentages of the student membership totals for K-7 and 8-12 (the weighted percentage is estimated about 60% / 40% respectively)



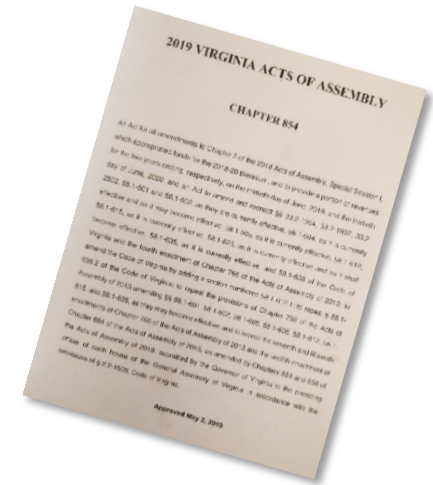
Additional Cost for Localities to Pay Prevailing Salary Average

- The 59 school divisions that have average teacher salary below the blended prevailing salary average of \$49,457 -- would need to spend an estimated extra \$80.9 million for salaries and benefits to reach the average
 - Estimated salary costs about \$64.7 million and \$16.2 million for benefits
 - Rounds out to be roughly 5.3% in additional cost across all these divisions
 - However, there was a wide percentage range of additional salary dollars needed for these divisions to reach the single statewide average
 - From less than 1.0% more in local spending to over 33.0% more for salaries
 - In total, these school divisions reported in their ASR FY 2019 planned budget spending of about \$1.2 billion for salaries for 25,774 positions
 - There's a grand total of 105,554 positions and \$6,197.4 million reported across the state
- If the \$64.7 million in additional salary dollars were added into VDOE's straight average salary total calculation for teachers, the average is estimated to change from \$58,737 to \$59,359 an increase of \$622



What Would It Take to Reach the NEA National Average Salary?

- Using the prevailing salary as the starting point, VDOE estimated that it would cost the state about \$480.0 million to reach the FY 2017 NEA national average salary for these SOQ-funded positions
- The state's amount represents about 55% of the total cost on a statewide basis
- School divisions would have to pick up the remaining 45% - a rough projected cost of \$390.0 million – but the actual share for each division would be determined by their local composite index and existing salary amount
 - The local cost estimate excludes any additional dollars needed to increase the salaries for positions that are 100% locally-funded
 - In addition, divisions that exceeded the national average would not have to incur any extra salary costs – which would mean that fewer divisions would have to pick-up the extra \$390.0 million





School Divisions That Exceeded the NEA Calculated Teacher Average Salary for Virginia

- There were 25 school divisions with VDOE reported average salaries that were higher than the salary reported by NEA for Virginia, \$52,340
- In addition, seven divisions exceeded the national average of \$59,539

VDOE Average Teacher Salary Data for FY 2017 (2018-2019 Survey Report)

25 Divisions with a Higher Average Salary Higher Than NEA Salary for Virginia						7 with Avg Salaries Higher than NEA National Average	
Sch Div	Avg Sal	Sch Div	Avg Sal	Sch Div	Avg Sal	Sch Div	Avg Sal
Portsmouth	\$52,428	Frederick	\$54,180	Albemarle	\$55,707	Manassas	\$64,390
York	\$52,505	Spotsylvania	\$54,284	Hanover	\$56,106	Loudoun	\$65,678
Fluvanna	\$52,651	Isle Of Wight	\$54,358	Suffolk	\$56,232	Prince William	\$65,902
Newport News	\$52,838	Fauquier	\$54,371	Stafford	\$56,462	Fairfax ¹	\$68,883
Louisa	\$52,874	Covington	\$54,448	Salem	\$57,387	Alexandria	\$74,738
Botetourt	\$53,292	Virginia Beach	\$54,577	Chesapeake	\$57,524	Falls Church	\$77,157
Nelson	\$53,745	Winchester	\$55,152	Manassas Park	\$59,208	Arlington	\$78,617
Williamsburg ³	\$53,800	Powhatan	\$55,313	Charlottesville	\$59,231		
Fredericksburg	\$54,054						

¹ Includes Fairfax City division ² Includes James City County division



Summary

- In conclusion, the VDOE Average Teacher Salary Survey report shows that there is a wide range of salaries across the state
- The budget uses statewide prevailing salary averages, reflective of costs of living, to equably balance allocation of state funding in recognition of the wide-ranging salary averages differences between the school divisions
 - Divisions with high averages drive up salary increase percentages
 - About 45% of divisions have average salaries less than the state's funded salaries – would be costly for these localities to match the state averages
 - Consideration to address those divisions that pay less than state funded prevailing averages
- NEA national average salary calculation excludes certain costs that lowers Virginia's teacher salary
- Pathways how Virginia could use to reach national salary average?
 - Consider changing budget funding methodology to use national average instead of prevailing average -- if Virginia funds its share of the national average, would not ensure that all teachers' pay would reflect national average
 - Consider continuing the prevailing salary methodology and offer a set prescribed incentive salary increase with the goal of reaching the national average within a set period of time across several biennium – which would require localities to provide their local share of the incentive



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