APPENDIX 4 – Comparative Labor Market Analysis

The Compensation Technical Working Group (TWG) conducted a labor market analysis for all prototypical job classifications as required by RCW 28A.400.201. This analysis considers salary information collected from the U.S. Bureau of Labor Statistics (BLS) and the Washington Employment Security Department (ESD) Occupational Statistics Unit at national, regional, state, and local levels. The Compensation TWG gave initial consideration to the following methodologies to examine salaries:

- Washington State average wages
- Washington State average wages by ownership, including private industry, all government, federal government, state government, and local government (including K-12 public schools)
- National average wages
- National average wages in the elementary/secondary school industry
- Regional average wages
- Comparable Wage Analysis presented by Dr. Lori Taylor
- Comparable Wage Analysis presented by the Washington Employment Security Department (ESD)
- Average total final salaries and base salaries per the OSPI 2010-11 S275 Personnel Data

After careful analysis of these methodologies to examine salaries, the Compensation TWG elected to further consider the results of the following four analyses as the most representative of comparable earnings for K-12 staff. It is important to note that the average annual wages presented are for occupations that typically work 12 months in a year. Appropriate adjustments must be considered for any K-12 occupation that assumes a shorter contracted year.

Exhibit 52: Comparison of Labor Market Analysis Methodologies

Analysis	Data Source	Methodology
Dr. Lori Taylor Comparable Wage Index	2000 Census Data, with growth in the occupational employment statistics used to grow baseline wages.	Hedonic wage analysis matches demographic characteristics of K-12 employees to employees in comparable occupations.
Washington Employment Security Department Comparable Occupations	Bureau of Labor Statistics weighted average wages as of May 2010*, greater than 90 percent match.	Compares knowledge, skills, abilities, and work context, along with minimum education and experience requirements of K-12 occupations to all other occupations.

Washington Private Industry	Bureau of Labor Statistics, Occupational Statistics Unit as of June 2011.	Exact job match with private industry occupations.
K-12 Actual Total Salaries	2010-2011 OSPI S275 Personnel Data, excluding extracurricular pay	Total final salary includes state allocations and TRI for certificated instructional staff; total base salary was used for classified staff to eliminate potential overtime that is reported in total final salary.

Exhibit 53: Summary of Comparable Wage Analysis for all K-12 Prototypical Jobs

K-12 Job Category	Average Annual Wage (full-time 12-month salary)			
	S275 Personnel Data	Dr. Lori Taylor Comparable Wages	WA Private Industry	ESD Comparable Occupations*
CERTIFICATED STAFF				
Principals, Assistant Principals, and other Certificated Building-Level Administrators	$104,011	$92,704	$73,662	$103,877
Central Office Administration, Certificated Administrators	$117,845	N/A	N/A	$103,877
Teachers	$63,198	$67,515	$48,810	$71,214
Beginning Teachers	$42,803	$47,648	N/A	$57,714
Teacher Librarians	$71,865	$67,515	$62,689	$79,170
School Nurses	$57,794	$68,321	$74,692	$71,836
Social Workers	$67,900	$47,421	$38,638	$68,511
School Psychologists	$69,158	$61,681	$89,762	$59,386
Physical Therapists	$68,865	$73,251	$76,412	$71,017
Occupational Therapists	$66,859	$73,529	$73,038	$70,671
Speech-Language Pathologist/Audiologist	$68,084	$70,223	$78,193	$71,921
Guidance Counselors	$68,350	$43,606	$47,809	$68,337
CLASSIFIED STAFF				
Teaching Assistance (Instructional Aides/Para-educators)	$32,011	$40,448	$26,431	$45,346
Office support and other noninstructional aides	$37,600	$36,344	$39,762	$41,013
Custodians	$36,520	$30,353	$31,276	$38,966

K-12 Job Category	Average Annual Wage (full-time 12-month salary)			
	S275 Personnel Data	Dr. Lori Taylor Comparable Wages	WA Private Industry	ESD Comparable Occupations*
Classified staff providing student and staff safety	$37,037	$48,221	$49,988	$41,130
Family Involvement Coordinators	N/A	N/A	N/A	$45,346
Technology	$56,136	$60,901	$73,994	$83,013
Facilities, maintenance, and ground	$46,916	$45,059	$48,619	$49,846
Warehouse, laborers, and mechanics	$42,039	$42,572	$36,232	$36,649
Central Office Administration, Classified	$53,615	N/A	N/A	$56,374
Transportation	$39,845	$38,039	$38,928	$47,879
Food service	$31,089	$28,754	$25,900	$32,075

Note: Annual wage for certificated instructional staff per OSPI S275 Personnel Reports represents average total salary per 1.0 FTE for an instructional school year; annual wage for classified staff represents average base salary (to eliminate overtime) per 1.0 FTE Data compiled from final 2010-11 OSPI S275 Personnel Reports (all staff, all programs), "But Are They Competitive in Seattle? An Analysis of Educator and Comparable Non-educator Salaries in the State of Washington" by Dr. Lori Taylor, Washington Occupational Employment Statistics as of June 2011, U.S. Bureau of Labor Statistics as of May 2010.

*****At the time of consideration of the labor market options, 2010 data was used for the ESD analysis. Since that time, the data was updated and the more recent 2011 data is included in the body of this report.

Dr. Lori Taylor Hedonic Comparable Wage Analysis

The Compensation TWG contracted with Dr. Lori Taylor from the Bush School of Government and Public Service at Texas A&M University to prepare a comparable wage analysis for all K-12 job categories for which salaries are allocated by the state, titled, "But Are They Competitive in Seattle? An Analysis of Educator and Comparable Non-educator Salaries in the State of Washington." Dr. Taylor previously presented the report, "Washington Wages: An Analysis of Educator and Comparable Non-educator Wages in the State of Washington," to the Joint Task Force on Basic Education Finance in November 2008. Dr. Taylor has written and researched extensively on the cost of education and developed a Comparable Wage Index for the National Center for Education Statistics (NCES). Through the use of a hedonic model that compares characteristics of K-12 staff as documented in the S275 Personnel Data Reports to workers outside of education, Dr. Taylor presents a recommended comparable state average wage to a set of similar occupations for all K-12 job classifications, including those without an exact match outside of education and all types of Educational Staff Associates (ESA). The average salary is provided for a 12-month occupation with no adjustments for the length of the school year. The index uses 2000 Census data as a base and ages salaries by applying wage growth estimates provided by BLS Occupational Employment Statistics. Regional salaries are estimated utilizing Dr. Taylor's Comparable Wage Index (CWI) for the state of Washington. Beginning teachers are

compared to a 25 year old college graduate with a Bachelor's Degree for purposes of an estimated initial wage, leading to a state average comparable starting salary of $47,648 for a 52-week employee. This hedonic model is developed using a multiple regression model where employee salary is the dependent variable and employee characteristics are the independent variables. The analysis compares salaries of similar occupations while holding demographic factors constant, with the goal of determining the salary needed to recruit and retain staff with the specific qualities of current staff. Because the comparable salaries developed indicate the competitive wage required to attract and retain candidates with similar personal attributes, this methodology may not be effective in recruiting a wider or more varied pool of candidates to K-12 occupations.

Washington Employment Security Department Comparable Wage Analysis

The Washington Employment Security Department (ESD) developed a set of comparable occupations and average salaries for all job categories for which salaries are allocated by the state using an exclusive analysis developed for the Compensation TWG (Further information provided in the next section). This analysis compares the importance of almost 200 categories of knowledge, skills, abilities, and job context of all occupations as reported by employers at the national level to O*Net (Occupational Information Network). The analysis allows for the development of a similarity factor for each profession to all jobs in the database that ranges up to 100 percent for a complete match with itself. The analysis also adds a filter for minimum entry education, experience, or training requirements of an occupation as reported to BLS. The analysis was prepared for each K-12 occupation using the best matching SOC (Standard Occupational Classification) Code and the minimum education, experience, or training requirements for that profession. Classified prototypical job categories were developed as a combination of multiple job codes using the recommended occupations and FTE as indicated in the Classified Adequacy Staffing Reports, prepared in December 2010 by the Office of Superintendent of Public Instruction and expert workgroups for each staffing category. A weighted average (by employment) of salaries for all job matches with a similarity factor above 90 percent using the BLS Washington wages as of May 2011 leads to a comparable annual wage for each occupation. BLS does not record starting salaries, so beginning teachers are compared to those workers paid at the 25th percentile in the comparable occupations, per the BLS suggestion for a salary estimate for a worker entering a new field with little or no experience. A weighted average of these wages suggests a Washington average comparable 12-month wage for beginning teachers of $57,714. The underlying assumption of this methodology is that wages of K-12 staff must be competitive with the comparable occupations because individuals may choose to work in the other jobs and industries requiring a similar education or experience and skill set, either prior to entering the education field or during current employment. The competitive salary must be offered to recruit or retain someone with the required knowledge, skills, abilities, and education or experience level. This analysis is useful in determining a competitive wage to recruit people with different demographic characteristics than current personnel into K-12 professions as it is not influenced by the composition of current staff. The comparable wage for beginning teachers is more likely to represent alternative professions considered by individuals with the desired skill set and educational background of educators.

Private Sector Wage Analysis

The Compensation TWG prepared a comparable wage analysis using the Standard Occupational Classification (SOC) codes for K-12 professions and examining Washington State and regional average wages in the private sector provided by the Washington ESD Occupational Statistics Unit. The private sector includes all non-governmental entities and may include private schools. Average salaries for the classified prototypical job categories were developed using the recommended occupations and FTE proportions as specified in the Classified Adequacy Staffing Reports prepared by OSPI and school district staff in December 2010. This analysis calculates compensation levels based on the competitive wages of workers in the private sector with the same occupations. In a sufficiently large labor market, private salaries are not influenced by school district wages and the index is fairly simple to calculate. However, private wage data is limited for Teachers, Teacher Aides (Instructional Aides and Para-educators) and School Administrators as most of these positions are filled in the public sector; therefore this methodology is not beneficial in determining a comparable wage for these occupations. Private wage data is also limited for individual geographic regions and is unavailable for several of the clusters of Washington rural counties. Public sector salaries and education spending may influence private salaries in smaller areas where public schools are one of the major employers in the area.

Actual K-12 Public School Salaries Comparable Wage Analysis

The Compensation TWG examined average base salaries and average total salaries for all job categories for which the state allocates salaries using the S275 Personnel Data for 2010-2011 (Final). This data represents annualized actual salaries for each job classification as paid by school districts. Total salaries include state allocations as well as amounts paid from additional funding sources, such as local levies or federal grants. The analysis removed pay received for extracurricular activities. Total salaries as reported for classified staff may include overtime, so dollar amounts shown for classified staff represent base salaries. This data may also reflect factors in salary variations such as the availability and amount of additional funding sources, the relative strength of local bargaining units, and the challenge and attractiveness of assignments in various school districts. Another disadvantage of using actual salary data for state allocations is the argument that this data may be subject to manipulation. Finally, a limitation of the S275 Personnel Data is that the total final salary is updated for staff throughout the year; however, the instructions do not require total FTE for personnel to be updated; therefore, some annualized salaries may not be accurate.

Exhibit 54: Average Total Salaries by School District – Certificated Staff (2010-11 S275 Final)

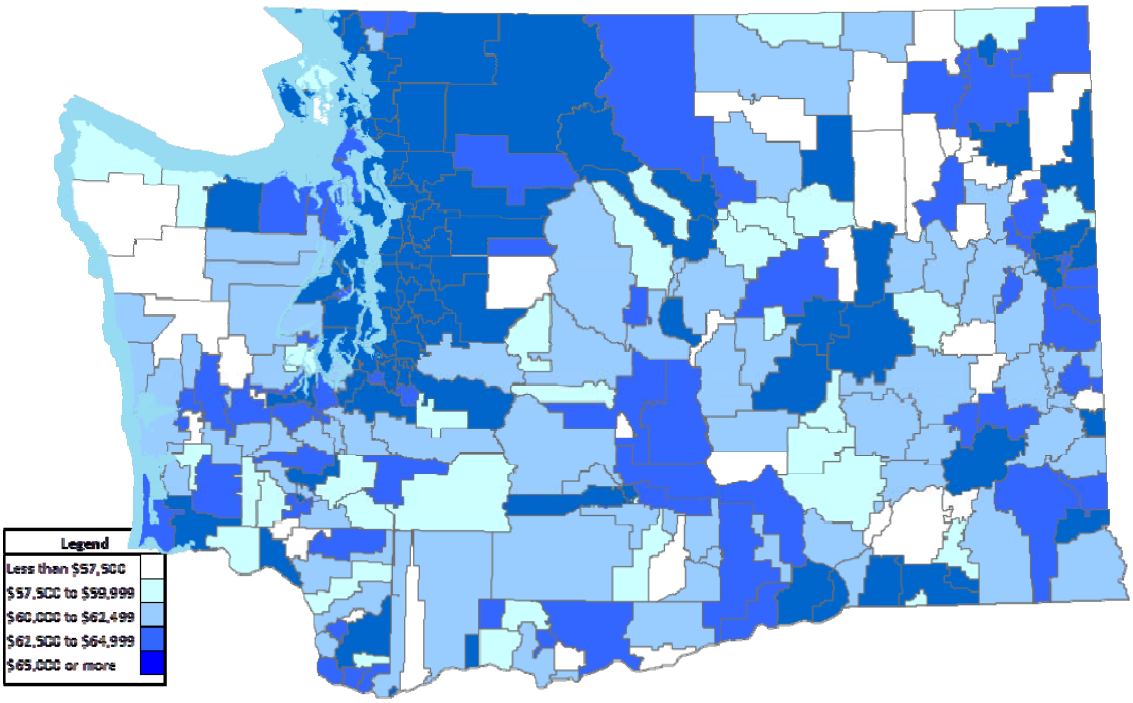
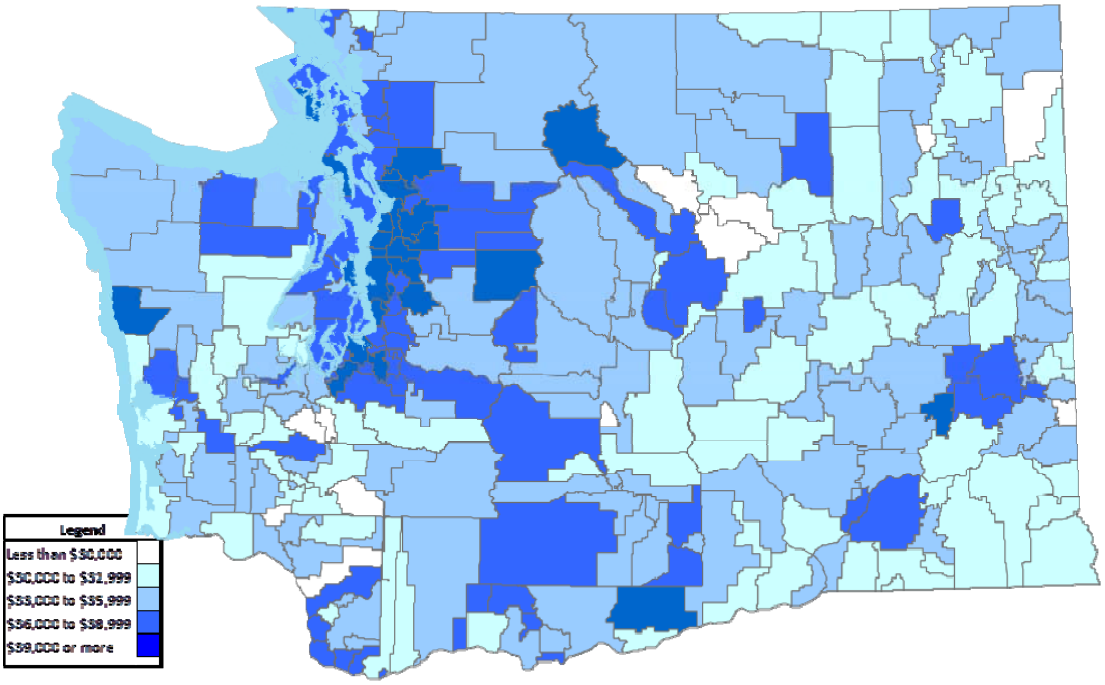


Exhibit 55: Average Base Salaries by School District – Classified Staff (2010-11 S275 Final)



Comparable Wage Recommendation

The Compensation TWG the Employment Security Department (ESD) analysis be used to determine the salary allocation levels for all prototypical job categories. Because this analysis matches the knowledge, skills, and abilities along with the education and training requirements for all jobs, the salaries represent occupations that compete with school districts for staff from the entire population with the desired attributes for each job. By offering a wage competitive with comparable occupations, the state is able to attract and retain individuals into the K-12 industry. The Compensation TWG also recommends that the state revisit this analysis every four years to ensure that salaries remain competitive with these occupations. As described in the cost of living adjustment (COLA) section, an annual COLA should be provided in the interim years.

Certificated Administrative Staff (CAS)

The Compensation TWG recommends that the state increase the allocation for Building Level Administrators and Certificated District Administrators to $105,374 per 1.0 allocated FTE based on the ESD analysis. This analysis required a minimum education level of a Bachelor's Degree plus related work experience, a Master's Degree, or a Doctorate for similar occupations. This recommended allocation is similar to the actual average salary for building administrators of $101,860 and for Certificated District Administrators of $114,135 per the 2011-12 OSPI S275 Personnel Reports, and will allow school districts to pay competitive wages for building administrators with state allocations, freeing up local funds for community defined needs.

Exhibit 56: Comparable Wage Recommendation, Certificated Administrative Staff

Prototypical Funding Category	2011-12 Average State Allocation per 1.0 FTE	Additional Average Salary paid by Local School Districts	2011-12 Actual Average 12-month Salary (All Fund Sources)	Comparable 12-month Salary
Principals, Assistant Principals, and Other Certificated Building-Level Administrators	$58,175	$43,685	$101,860	**$105,374**
Central Office Certificated Administrators	$58,175	$55,960	$114,135	**$105,374**

Note: Current average allocation from June 2012 OSPI Apportionment; actual average pay per 2011-12 OSPI S275 Personnel Reports for all staff, excluding pay for extracurricular activities; proposed allocation updated per Bureau of Labor Statistics May 2011 data released March 2012.

Certificated Instructional Staff (CIS)

The Compensation TWG recommends that the state increase the starting wage in the salary allocation model for certificated instructional staff (CIS) to $48,687, which is 10/12 of the comparable wages at the 25th percentile per the ESD analysis. The adjustment to 10/12 of the comparable wage represents a typical 10 month, or 180 day contracted instructional school year. While BLS does not provide information on starting salaries, the agency suggests that the 25th percentile wages may be used as a proxy for these beginning wages. The analysis included occupations with similar knowledge, skills and abilities, and a required minimum education of a Bachelor's Degree, Bachelor's Degree plus work experience, Master's Degree, or Doctorate. The Compensation TWG recommends that all CIS, including teachers, teacher librarians, and educational staff associates, remain on the salary allocation model, with experience credit given for educational staff associates with applicable work experience outside of K-12. Therefore the group recommends striking language in RCW 28A.150.410 Section 4 that only allows two years of non-school service for occupational therapists, physical therapists, speech-language pathologists, audiologists, nurses, social workers, counselors, and psychologists to count on the salary allocation model.

The Compensation TWG expects this higher starting salary to be more effective at attracting world-class educators to Washington public schools. A competitive beginning wage will also address many of the staffing difficulties at school districts. In addition, because school districts must supplement pay with local funds, when available, in order to pay a reasonable wage, an increased state allocation that covers the true cost of competitive salaries will allow schools districts to use local funds to address the specific needs of their communities and to recruit and retain world-class educators.

Classified Staff

The Compensation TWG recommends that the state provide separate salary allocations for all classified staff prototypical funding categories, including "Teaching Assistance", "Office Support and other Noninstructional Aides", "Custodians", "Classified Staff Providing Student and Staff Safety", "Technology Support", "Facilities, Maintenance and Grounds", "Warehouse, Laborers, and Mechanics," and "Central Office Staffing", based on the ESD comparable wage analysis. The range between actual salaries in the classified job categories is significant (see Exhibit 57) and the separate allocations will ensure that the state is fully funding the salaries for these positions based on the recommended FTE per the prototypical funding formula. As noted in Exhibit 57, there is a large difference between the average state allocation for classified salaries and the actual salaries paid at the district level using both state and local funds. Comparable wages represent a weighted average of the jobs and their recommended distribution for each category as recommended in the Classified Staffing Adequacy Report. The minimum education and training requirements used reflected minimums for each job as reported by BLS.

Exhibit 57: Comparable Wage Recommendation, Classified Staff

Prototypical Funding Category	2011-12 Average State Allocation per 1.0 FTE	Additional Average Salary paid by Local School Districts	2011-12 Actual Average 12-month Salary (All Fund Sources)	Comparable 12-month Salary
Teaching Assistance (Instructional Aides/Para-educators)	$31,699	$1,197	$32,896	**$45,386**
Office Support and other Non-instructional Aides	$31,699	$6,037	$37,736	**$40,949**
Custodians	$31,699	$5,070	$36,769	**$39,454**
Classified staff providing student and staff safety	$31,699	$5,651	$37,350	**$44,040**
Family Involvement Coordinator	N/A	N/A	N/A	**$45,386**
Technology	$31,699	$23,249	$54,948	**$83,253**
Facilities, maintenance, and grounds	$31,699	$15,616	$47,315	**$50,057**
Warehouse, laborers, and mechanics	$31,699	$10,743	$42,442	**$36,522**
Central Office, Classified	$31,699	$22,872	$54,571	**$56,374**

Note: Current average allocation from June 2012 OSPI Apportionment; actual average pay per 2011-12 OSPI S275 Personnel Reports for all staff, excluding pay for extracurricular activities; proposed allocation updated per Bureau of Labor Statistics May 2011 data released March 2012.

It is important to note that the salaries shown in Exhibit 57 represent a 52 week salary. Many classified staff work a shorter year and salaries are adjusted accordingly at the local level. However, the state allocates salaries based on full-time equivalent allocations. The higher salary for Instructional Aides/Para-educators reflects new federal requirements to hire highly-qualified para-educators with a minimum of an Associate's Degree, rather than the previous requirement to possess at least a High School Diploma. As the state fully funds these classified salary allocations with competitive amounts, school districts will have access to additional local funds to provide programs outside of basic education that are desired by the community.

Substitutes

The state currently provides an allocation for substitutes; each school district receives $151.86 per day for four days per allocated teacher. The Compensation TWG recommends the rate be increased by the same percentage as the recommended starting salary allocation for teachers

to a daily allocation of $221.36. In addition, the Compensation TWG recommends a substitute allocation for instructional aides due to their critical work in the classroom. The daily rate for instructional aides should be $174.56 based on the comparable wage recommendation of this category. The Compensation TWG recommends an allocation of four days per allocated instructional aide at the comparable daily rate.

Employment Security Department Comparable Wage Analysis

The Washington Employment Security Department (ESD) developed a comparable wage analysis using data gathered at the national level from the Occupational Information Network (O*Net) and wages reported by the Bureau of Labor Statistics (BLS). O*Net is sponsored by the U.S. Department of Labor - Employment and Training Administration. BLS belongs to the U.S. Department of Labor and is the primary Federal agency responsible for measuring labor market activity and collecting economic information to support decision-making.

O*Net is a comprehensive database of worker attributes and job characteristics. Information is collected through statistically random samples of businesses and workers on a national basis for over 1,100 occupations identified with a Standard Occupational Classification (SOC) code. The analysis compares the reported importance of attributes on a scale of one to five in the following areas:

- Knowledge – organized sets of principals and facts applied in general domains and acquired and/or developed through experience and education.
- Skills – developed capacities that facilitate learning or the more rapid acquisition of knowledge related to previous work activities.
- Abilities – enduring attributes of the individual that influence performance and the capacity to acquire knowledge and skills required for effective work performance.
- Work context – physical, social, and other characteristics of the organization that influence the nature of work.

The comparable wage analysis for each K-12 prototypical job category compares the knowledge, skills and abilities reported to all other occupations. The comparison examines the difference in scores between every occupation for over 200 attributes and results in a similarity factor between every set of jobs that ranges up to 100 percent for a match with itself. The analysis filters positions by the minimum education or experience as reported by BLS for each occupation. All occupations with a similarity factor above 90 percent are included in the set of comparable jobs for each K-12 prototypical job. The comparable wage is calculated using the Washington average wages for each position weighted by Washington employment for that job. The same technique also leads to a salary level for the 25^{th} and 75^{th} percentile wages for the set of comparable occupations. This analysis uses May 2011 wages that were reported by BLS in March 2012.

It is important to note that all comparable wages listed represent a 12-month salary. The salaries of K-12 staff who work less than a 12-month year are adjusted accordingly at the district level; however, the state apportions FTE based on a full-year employee. Certificated instructional staff (CIS) FTE are allocated for an instructional school year, or approximately 10

months. Therefore, the comparable beginning wage for a teacher is adjusted to 10/12 of the comparable wages due to the shorter contracted year.

O*Net data is compiled through an ongoing national data collection program, which will support an update of the comparable occupations every four years as suggested in this report. BLS wages are released on an annual basis and are considered for Washington State only.

While this ESD analysis leads to a list of comparable occupations for all jobs, the Compensation TWG chose the actual jobs and SOC codes to use in this comparison. Many K-12 occupations have an exact match within the BLS data; however, multiple prototypical jobs are made up of a combination of SOC codes as shown in Exhibit 58. The Compensation TWG used the minimum education or experience requirements shown as a filter in the analysis.

Exhibit 58: SOC Codes Used in Comparable Wage Analysis

Prototypical Job Category	Comparable Wage (12 month)	SOC Code (s)	Minimum Education or Training
Certificated Administrative Staff			
Principals, Assistant Principals, and other Certificated Building-Level Administrators	$105,374	11-9032	Bachelor's degree plus experience, master's degree, or doctorate
Certificated District Administrator	$105,374	11-9032	Bachelor's degree plus experience, master's degree, or doctorate
Certificated Instructional Staff			
Teachers	$72,097	25-2021 25-2022 25-2031	Bachelor's degree, bachelor's degree plus experience, master's degree, or doctorate
Beginning Teachers (25th Percentile)	$58,424	25-2021 25-2022 25-2031	Bachelor's degree, bachelor's degree plus experience, master's degree, or doctorate
Teacher Librarians	$79,675	25-4021	Bachelor's degree, bachelor's degree plus experience, master's degree, or doctorate
Guidance Counselors	$69,123	21-1012	Master's degree
School Nurses	$72,543	29-1111	Bachelor's degree or bachelor's degree plus experience.
Social Workers	$69,323	21-1021	Master's degree
Psychologists	$59,615	19-3031	Master's degree or doctorate
Classified Staff			
Teaching Assistance (Instructional Aides/Para-educators)	$45,386	25-9041	Associate's degree

Prototypical Job Category	Comparable Wage (12 month)	SOC Code (s)	Minimum Education or Training
Office Support and Noninstructional Aides	$40,949	43-1011 43-6011 43-9061 33-9032 39-9011 31-9092 43-6014 43-9021 43-4161 43-4111 43-4051 43-4171 25-4031 43-4121 21-1093	Work experience in a related occupation or moderate-term on-the job training Work experience in a related occupation or moderate-term on-the job training Short-term on-the-job training Short-term on-the-job training Short-term on-the-job training Moderate-term on-the-job training Moderate-term on-the-job training Moderate-term on-the-job training Short-term on-the-job training Short-term on-the-job training Moderate-term on-the-job training Short-term on-the-job training Postsecondary vocational training or work experience in a related occupation Short-term on-the-job training Moderate-term on-the-job training
Custodians	$39,454	37-1011 37-2011	Short-term on-the-job training Moderate-term on-the-job training or work experience in a related occupation

Prototypical Job Category	Comparable Wage (12 month)	SOC Code (s)	Minimum Education or Training
Classified staff providing student and staff safety	$44,040	33-9032 33-9099 33-3051	Short-term on-the-job training N/A Long-term on-the-job training
Family Involvement Coordinator	$45,386	25-9041	Associate's degree
Technology	$83,253	11-3021 15-1150 15-1142 15-1141 13-2011	Bachelor's Degree plus work experience Associate's degree or postsecondary vocational training Associate's degree or bachelor's degree Bachelor's degree Bachelor's degree
Facilities, maintenance, and grounds	$50,057	47-2031 47-2152 47-2111 47-2141 49-9021 49-9094 47-2121 47-2181 49-9071 13-1199 47-1011 49-1011 49-9098 37-3011	Long-term on-the-job training Long-term on-the-job training or postsecondary vocational training Long-term on-the-job training Moderate-term on-the-job training Long-term on-the-job training or postsecondary vocational training Moderate-term on-the-job training Long-term on-the-job training Moderate-term on-the-job training Bachelor's degree Work experience in a related occupation Work experience in a related occupation Short-term on-the-job training Short-term on-the-job training

Prototypical Job Category	Comparable Wage (12 month)	SOC Code (s)	Minimum Education or Training
Warehouse, laborers, and mechanics	$36,522	53-7062 49-9041	Short-term on-the-job training Long-term on-the-job training

Prototypical Job Category	Comparable Wage (12 month)	SOC Code (s)	Minimum Education or Training
Central Office Administration	$56,451	11-1021	Bachelor's degree plus work experience
		11-2031	Bachelor's degree plus work experience
		11-3011	Bachelor's degree plus work experience
		11-3021	Bachelor's degree plus work experience
		11-3031	Bachelor's degree plus work experience
		11-3061	Bachelor's degree plus work experience
		11-3071	Work experience in a
		11-3111	related field
			Bachelor's degree plus
		11-3121	work experience
			Bachelor's degree plus
		11-3131	work experience
			Bachelor's degree plus
		11-9051	work experience
		11-9151	Moderate-term on-the-
		43-1011	job training
			Long-term on-the-job training
		43-6011	Work experience in a related occupation or moderate-term on-the-
		43-6014	job training
			Work experience in a related occupation or
		43-4161	moderate-term on-the-
			job training
			Work experience in a
		43-3031	related occupation or
		43-3051	moderate-term on-the-
		13-1041	job training
			Work experience in a
		13-1071	related occupation or
		13-1151	moderate-term on-the-
			job training
		13-1199	Moderate-term on-the-
		27-3031	job training
		13-2011	Moderate-term on-the-
		13-2031	job training
		13-2051	Bachelor's degree or long-term on-the-job training
			Bachelor's degree
			Bachelor's degree or
			bachelor's degree plus work experience
			Bachelor's degree

Prototypical Job Category	Comparable Wage (12 month)	SOC Code (s)	Minimum Education or Training
Non-prototypical Jobs			
Occupational Therapist	$71,289	29-1122	Bachelor's degree, bachelor's degree plus experience or master's degree
Physical Therapist	$71,906	29-1123	Bachelor's degree, bachelor's degree plus experience or master's degree
Speech-Language Pathologist - Audiologist	$72,756	29-1127	Master's degree

As noted, several analyses used multiple SOC codes. Because BLS classifies K-12 teachers into elementary, middle, and high school categories, the Compensation TWG included comparable occupations with a match above 90 percent for all three teacher categories. To develop proportions for multiple occupations in other categories, the Compensation TWG used the recommendations in the Classified Staffing Adequacy Reports and the professional judgment of Compensation TWG members with experience in school district business offices. The following exhibits indicate the proportions of each SOC code used.

Exhibit 59: Occupation Mix Used, Office Support and Non-instructional Aides

Job Classification	SOC Code	Elementary School Annual FTE	Middle School Annual FTE	High School Annual FTE	Total FTE	Total Percentage
Office Manager	43-1011	0.889	0.808	0.318	2.02	20.92%
Assistant Office Manager	43-6011	0.889	0.808	0.238	1.94	20.09%
Office Assistant/Clerk	43-9061	0.334	1.114	0.543	1.99	20.67%
Non Instructional Aide (Student Supervision)	33-9032	-	-	0.107	0.11	1.11%
Non Instructional Aide (Student Supervision)	39-9011	0.705	-	-	0.71	7.32%
Health Assistant	31-9092	0.403	0.300	0.177	0.88	9.14%
Attendance Specialist	43-6014	-	-	0.578	0.58	6.00%
Data Processor	43-9021/ 43-4161	-	-	0.311	0.31	3.23%
Registrar	43-4111/ 43-4051	-	-	0.329	0.33	3.42%
Receptionist	43-4171	-	-	0.282	0.28	2.93%
Library Assistant	25-4031/ 43-4121	-	-	0.139	0.14	1.44%
Counseling Assistant	21-1093	-	-	0.359	0.36	3.73%
Total		3.220	3.030	3.381	9.63	100.00%

Exhibit 60: Occupation Mix Used, Custodian

Job Classification	SOC Code	Elementary	Middle School	High School	Percentage of Total
Custodian, Supervisor	37-1011	1.000	1.000	1.000	45.7%
Custodian	37-2011	0.657	0.942	1.965	54.3%
Total FTE Allocated		1.657	1.942	2.965	100%

Exhibit 61: Occupation Mix Used, Classified Staff Providing Student and Staff Safety

Job Classification	SOC Code	Elementary	Middle School	High School	Percentage of Total
Security Guard	33-9032	68.6%	68.6%	0.0%	37.6%
Other Protective Services	33-9099	31.4%	31.4%	0.0%	17.2%
Police and Sheriff's Patrol Officers	33-3051	0.0%	0.0%	100.0%	45.2%
Total FTE Allocated		0.079	0.092	0.141	0.312

Exhibit 62: Occupation Mix Used, Technology

Job Classification	SOC Code	FTE recommended	Percentage of Total
Director, Manager, or Supervisor	11-3021	0.23	11.4%
Field/Help Desk Support	15-1150	0.87	43.3%
Specialized IT Skills	15-1142 / 15-1141	0.75	37.3%
Asset Tracking	13-2011	0.16	8.0%
Total		2.01	100.0%

Exhibit 63: Occupation Mix Used, Facilities, Maintenance, and Grounds

Job Classification	SOC Code	Annual FTE	Percentage of Total
Carpenter	47-2031	1.15	16.1%
Plumber	47-2152	0.48	6.7%
Electrician	47-2111	0.86	12.0%
Painter	47-2141	0.48	6.7%
HVAC Technician	49-9021	0.95	13.3%
Locksmith	49-9094	0.24	3.4%
Glazier	47-2121	0.11	1.5%
Roofer	47-2181	0.10	1.4%
General Maintenance	49-9071	0.57	8.0%
Resource Conservation Manager	13-1199	0.24	3.4%
Foreman/Lead	47-1011	0.38	5.3%
Supervision	49-1011	0.19	2.7%
Support Staff	49-9098	0.19	2.7%
General Grounds	37-3011	1.20	16.8%
Total		7.14	100.0%

Exhibit 64: Occupation Mix Used, Warehouse, Laborers, and Mechanics

Job Classification	SOC Code	Annual FTE	Percentage of Total
Warehouse Worker	53-7062	0.57	69.5%
Mechanic	49-9041	0.25	30.5%
Total		0.82	100.0%

Exhibit 65: Occupation Mix Used, Central Office Administration

Job Classification	SOC Code	Percentage of Category
Certificated District Administrators	11-9032	100.0%
Classified District Administrators		100.0%
General and Operations Managers	11-1021	8.3%
Public Relations and Fundraising Managers	11-2031	8.3%
Administrative Service Managers	11-3011	8.3%
Computer and Information Systems Managers	11-3021	8.3%
Financial Managers	11-3031	8.3%
Purchasing Managers	11-3061	8.3%
Transportation, Storage, and Distribution Managers	11-3071	8.3%
Compensation and Benefits Managers	11-3111	8.3%
Human Resources Managers	11-3121	8.3%
Training and Development Managers	11-3131	8.3%
Food Service Managers	11-9051	8.3%
Social and Community Service Managers	11-9151	8.3%
Central Office Administration, Classified		
Central Office Clerical		
First-line supervisors of office and administrative support workers	43-1011	2.0%
Executive secretaries and executive administrative assistants	43-6011	12.0%
Secretaries and administrative assistants, except legal, medical, and executive	43-6014	21.6%
Human resources assistants, except payroll and timekeeping	43-4161	16.9%
Bookkeeping, accounting, and auditing clerks	43-3031	11.3%
Payroll and timekeeping clerks	43-3051	9.1%
Central Office Business Operations		
Compliance Officers	13-1041	1.1%
Human Resources, Training, and Labor Relation Specialists, all other	13-1071	8.0%
Training and Development Specialists	13-1151	0.0%
Business Operations Specialists, all other	13-1199	5.3%
Public Relations Specialists	27-3031	5.2%
Accountants and Auditors	13-2011	3.5%
Budget Analysts	13-2031	3.0%
Financial Analysts	13-2051	1.1%

Dr. Lori Taylor's Comparative Labor Market Analysis

But Are They Competitive in Seattle? An Analysis of Educator and Comparable Non-educator Salaries in the State of Washington

Executive Summary

Wages vary substantially from place to place and from occupation to occupation. In order to attract and retain a high-quality workforce, Washington school districts must offer teachers a salary and benefits package that is competitive not only with teaching jobs in other states, but also with non-teaching jobs in the local community.

This report examines the relative salaries and benefits of Washington educators using three different lenses. The first lens compares estimates of the prevailing salaries for educators with estimates of the prevailing salaries for non-educators. The second lens compares base teacher salaries in Washington with base teacher salaries in other states. The third and final lens examines the extent to which the fringe benefits teachers receive in the state of Washington are competitive with private-sector benefits. Whenever possible, the analysis has been conducted for each school district, metropolitan area, and non-metropolitan labor market in the state.

Comparing Educators with Non-educators in Washington

Average wages are typically low in communities where most of the workers are young and inexperienced, and high in communities where most of the workers are college-educated. Areas where most of the college graduates are health care workers will tend to have higher average wages than areas where most of the college graduates are social workers. Areas where most of the accountants are relatively inexperienced will have lower average accounting wages than areas where most of the accountants are highly experienced. Average teacher salaries can be high in a district that chooses to hire only experienced teachers with advanced degrees, and low in a district that can only afford to hire beginning teachers. None of these differences in average wages necessarily imply anything about differences in the competitiveness of educator salaries.

To make fair comparisons between educators and non-educators in various locations, one needs to consider the demographically and occupationally adjusted—or prevailing—salaries. Variations in the prevailing salaries of educators reflect how much more or less each school district spends to recruit and retain similar school personnel. Meanwhile, variations in the prevailing salaries for each occupation indicate how much more or less employers pay in each location to employ the typical worker. Comparing prevailing salaries for educators with prevailing salaries for non-educators provides a particularly useful lens through which to view the relative competitiveness of educator salaries in the state of Washington.

Baseline estimates of the prevailing salaries for non-educator occupations come from regression analyses of individual earnings data from the 2000 U.S. Census. Those baseline analyses were then updated using earnings data from the Occupational Employment Survey (OES), which is conducted annually by the U.S. Bureau of Labor Statistics (BLS).

The methodology was adapted from the one used to generate the National Center for Education Statistics' Comparable Wage Index (CWI), and generally follows the methodology Taylor (2008a) used in a previous analysis of educator salaries in Washington. Thus, I used the baseline regression model underlying the CWI to predict the prevailing salary in 1999 for each certified occupation under analysis. The prevailing salary in each labor market is the salary that would be expected for a college graduate who had the same educational and industrial profile as the average Census respondent in that occupational category, assuming that the person worked 40 hours a week and 52 weeks a year. I then used the OES data to calculate the growth in wages between 1999 and 2010 for each occupation and location, and adjusted the baseline prevailing salaries accordingly. For example, the baseline CWI regression model predicts that the prevailing salary for registered nurses in Seattle was $48,002 in 1999. Analysis of the OES data indicates that, on average, nurses' salaries in Seattle rose 53.55 percent between 1999 and 2010. Therefore, the prevailing salary for nurses in Seattle in 2010 was predicted to be $73,708 ($73,708 =$48,002*1.5355). Similarly, I estimated the prevailing salary for classified personnel using a baseline regression analysis of high school graduates without college degrees. Table E.1 indicates the occupations and prevailing salary estimates used in this analysis.

Table E.1: State Average Prevailing Salaries in Washington, by Occupation

	State Average Predicted Salary 2010
Certified Occupations	
All College Graduates	$67,515
ACM Teacher-Comparable Occupations	$65,923
STEM Occupations	$76,051
Registered Nurses	$68,231
Social Workers	$47,421
Psychologists	$61,681
Counselors	$43,606
Occupational Therapists	$73,529
Physical Therapists	$73,251
Speech And Language Pathologists	$70,223
Audiologists	$71,363
Selected Managerial Occupations	$92,704
All Managerial Occupations Except Legislators	$88,900
Classified Occupations	
All High School Graduates	$41,958

Supervisors	$45,943
Office And Administrative Support Occupations	$36,344
Janitorial Occupations	$30,353
Protective Service Occupations, Excluding Fire Safety Personnel	$48,221
Information Technology Occupations	$60,901
Facilities, Maintenance and Grounds	$45,059
Warehouse, Laborers and Mechanics	$42,572
Motor Vehicle Operators	$38,039
Food Preparation and Serving Occupations	$28,754

Note: The state average predicted salary is a pupil-weighted average of the salary predictions for each school district. The pupil-weighted state average is calculated using the FTE student counts from the 2010-11 school year.

Estimates of the prevailing salary for Washington educators come from hedonic wage analyses of data provided by the Office of Superintendent for Public Instruction (OSPI). The hedonic salary models for Washington educators describe each educator's salary as a function of his or her personal characteristics, his or her job assignments, and the school building and school district in which he or she works. I use these models to predict average full-time-equivalent salaries in each school district, holding constant the influence of demographic and job characteristics. Those predictions indicate the prevailing salaries in each school district. Variations in the prevailing salaries reflect how much more or less each school district pays to recruit and retain comparable school personnel. The prevailing salary for a labor market is just a weighted average of the prevailing salaries in its constituent school districts.

This analysis applies hedonic wage analysis to two measures of educator salaries—full-time-equivalent base salaries and full-time-equivalent total salaries. Base salaries measure employee earnings during the school year under terms of the base employment contract and are paid for by the state. Total salaries measure the final gross pay of each employee from all sources, including the state, local levies, and federal monies. For purposes of this analysis, pay for extracurricular and public activities has been excluded from both base and total salaries.

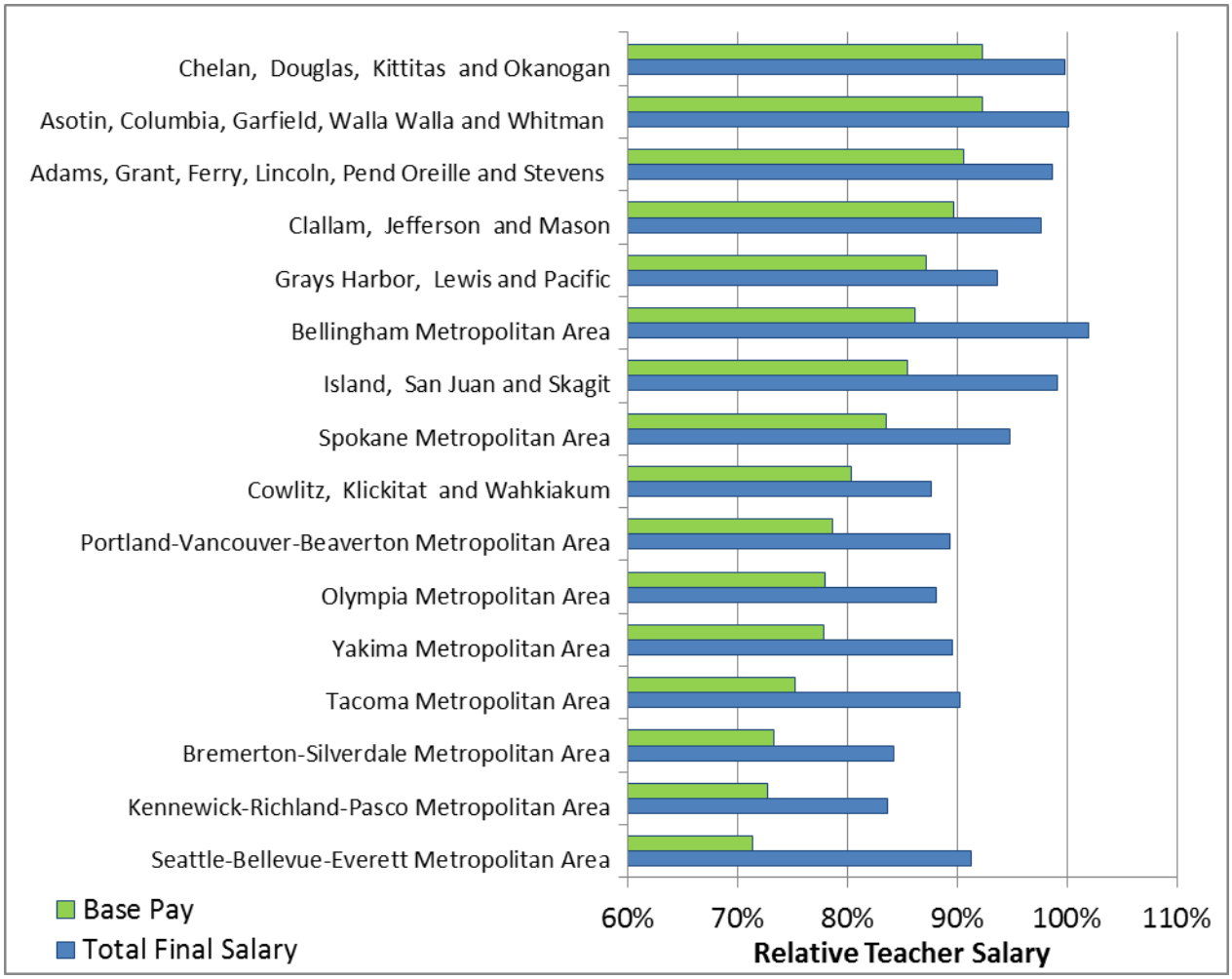
Figure E.1 illustrates the results of the analysis of all types of teachers. The figure indicates the ratio of teaching salaries to comparable non-teaching salaries—in this case the prevailing salary for all college graduates. A relative salary greater than 100 percent indicates that the average teacher is paid better than the average college graduate, whereas a relative salary less than 100 percent indicates that the average teacher is paid less than the average college graduate. As the figure illustrates, relative total salaries are more than 83 percent, on average, in all of the labor markets in the state.

The 83-percent threshold is important because it indicates that full-time-equivalent total salaries for teachers in Washington are at or above the 10-month salaries for college graduates (10/12=.833). Recall that the prevailing salary for college graduates was constructed assuming that non-educators worked 52 weeks per year. The typical school

year is obviously shorter than that. A common rule of thumb is to assume that the school year is 10 months long. A relative salary above 83 percent suggests that teaching salaries are higher than the 10-month salaries for the average college graduate. Thus, the evidence suggests that total teacher salaries are competitive with non-teacher salaries throughout the state of Washington.

The evidence on relative base salaries is much more mixed. Relative base salaries are above the 10-month threshold in all of the county clusters except Cowlitz, Klickitat and Wahkiakum counties in southwestern Washington. They are below the 83 percent threshold in all of the major metropolitan areas except Bellingham and Spokane. The base salary for an average teacher in the Seattle metropolitan area is only 71 percent of the average salary for a college graduate.

Figure E.1: Relative Teacher Salaries by Labor Market, 2010-11



Note: Relative teacher salaries are the full-time-equivalent teaching salaries divided by the prevailing salary for all college graduates in each location.

Source: Author's calculations using OSPI's S275 files and the updated CWI.

The complete report presents similar analyses for a variety of school district personnel. The analysis examines two additional teacher groups—beginning teachers and teachers who are certified in math and science. It also examines relative prevailing salaries for a variety of other certified and classified personnel, including school administrators, educational staff associates, teacher aides and food service workers.

Together with the analysis of all teachers, these analyses support four key findings:

1. The salaries most Washington teachers actually receive (i.e. their total final salaries) meet or exceed the salaries received by comparable non-teachers in their communities. On average, teachers in Washington earn 91 percent of the annual salary for the average college graduate, despite working a substantially shorter year. Only 30 school districts, which serve only 4 percent of the school children in Washington, pay total teacher salaries below the average 10-month salary for a typical college graduate.
2. In contrast, the teacher salaries funded by the state through the school finance formula (i.e. the base salaries) are not competitive in most major metropolitan areas. Although base salaries are competitive in some parts of the state, less than one quarter of the school children in Washington attend a school district where base teacher salaries equal or exceed the 10-month salary for a typical college graduate. The base salary for an average teacher in the Seattle metropolitan area is only 71 percent of the average salary for a college graduate.
3. As a general rule, non-teaching school district employees receive salaries that are competitive with or well above those received by their counterparts outside of the education sector. The only major exceptions are the instructional aides. Teacher aides earn substantially less than the typical high school graduate throughout the state.
4. The non-teaching salaries funded by the state are generally not competitive. In the Seattle and Kennewick metropolitan areas, for example, the salary allocation for school district administrators represents less than 63 percent of the prevailing salary for comparable managers, on average.

Comparing Base Teacher Salaries across States

The Schools and Staffing Survey (SASS) is conducted periodically by the National Center for Education Statistics. Public school districts, principals and teachers throughout the nation are surveyed about a variety of education topics, including teacher salaries and benefits. Those survey responses are the best available evidence for determining whether or not teacher salaries in Washington are competitive with those in other states and form the basis for the analysis in this section of the report. In all cases, salaries have been adjusted for regional differences in labor cost using the updated CWI.

The most recent SASS covers the 2007-08 school year and surveyed school districts about their "normal yearly base salary." Thus, this is an analysis of base salaries rather than total salaries. In 2007-08, total final salaries (excluding extracurricular and public activities) exceeded base salaries by an average of 15 percent in Washington, so the salaries that

teachers actually received were probably more competitive than their base salaries. Unfortunately, the SASS provides no information on the relationship between base salary and total salary in each state, so it is impossible to say how much more competitive.

Analysis of the SASS suggests that base teacher salaries in Washington are low by national standards. After adjustments for regional differences in labor cost, only Colorado, North Dakota, Iowa and Washington DC had base salaries for starting teachers that were lower than those in Washington. Cost-adjusted base salaries for mid-career teachers were also near the bottom of the national distribution. Because base salaries in Washington have risen more slowly than salaries in other occupations since 2007-08, it is unlikely that Washington's position relative to other states has improved substantially over the last few years.

Comparing Fringe Benefits across Sectors

The third and final lens compares the typical benefits packages in public education to those available in the private sector. The evidence presented here comes from the U.S. Bureau of Labor Statistics (BLS) and from analyses of survey data conducted by the Economic Policy Institute (EPI) and the Employee Benefits Research Institute (EBRI). Those sources can be used to compare benefits in Washington with benefits in the rest of the country and to compare benefits by occupation. Given the limitations in the data, it is not possible to reliably compare benefits by occupation within the state of Washington. However, the evidence suggests that the benefit patterns for the state of Washington largely mirror those of the nation as a whole.

Here, the evidence is clear. Teachers in Washington are more likely to receive retirement and health insurance benefits than comparable private sector employees, and school districts pay more for teacher benefits than comparable employers pay for non-teacher benefits.

Conclusions

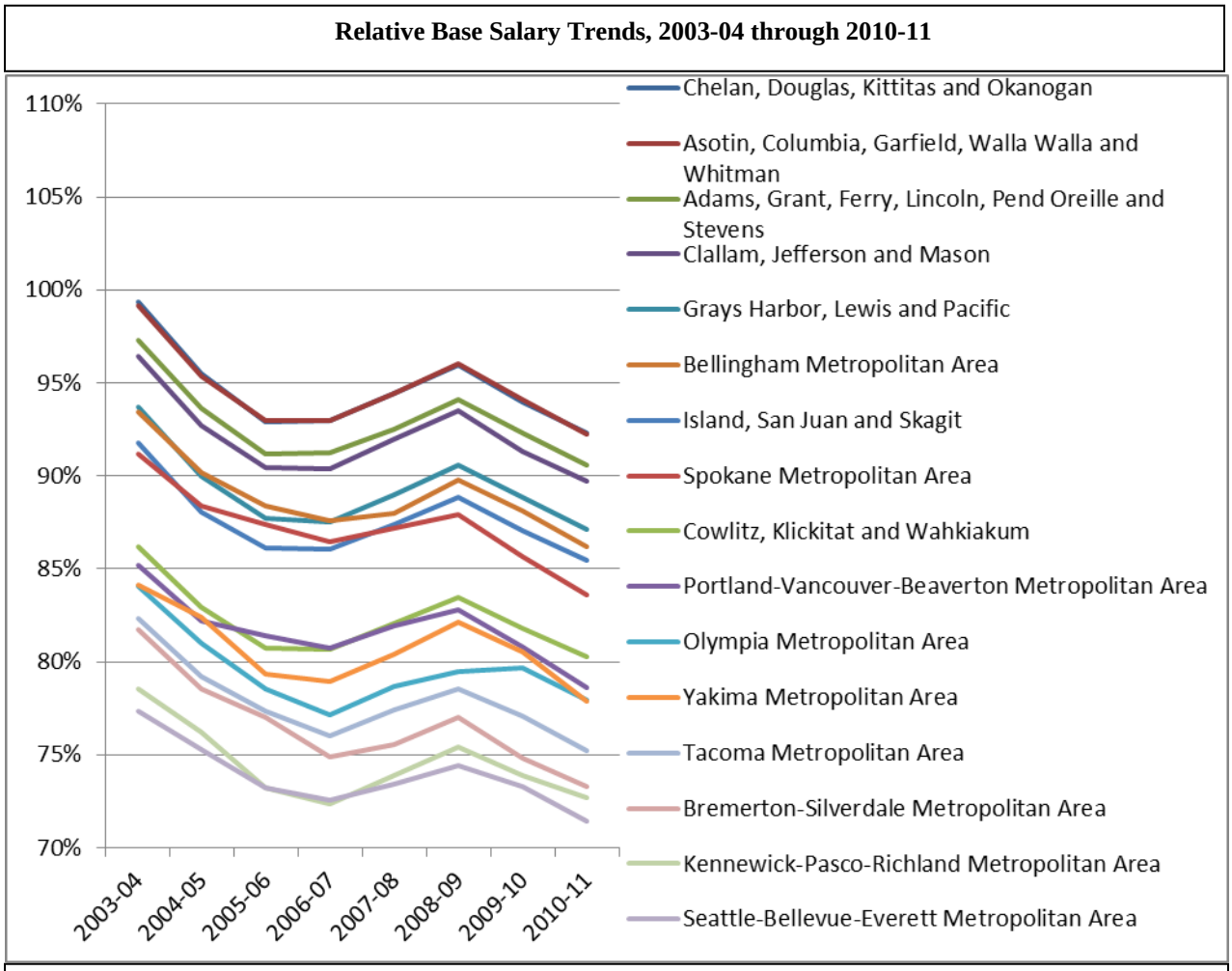
Each of the three lenses used in this analysis report provides a slightly different perspective on educator compensation in the State of Washington. All told, the evidence suggests that teacher base salaries are generally not competitive with teacher base salaries in other states or with comparable non-teacher salaries in metropolitan Washington. Base salaries are also not competitive for most non-teaching personnel. On the other hand, total salaries are competitive in most of the state, and the fringe benefits appear unusually generous. As such, the total compensation packages offered by Washington school districts appear sufficient to attract and retain a high-quality workforce.

Note: The full report is available on the Compensation Technical Working Group website.

Cost of Living Adjustment (COLA)

63 percent of Washington voters approved Initiative 732 (I-732) in November 2000[1] to ensure that educator salaries would keep up with inflation. Exhibit 66 developed by Dr. Lori Taylor also illustrates the recent decline in relative base salaries.

Exhibit 66: Relative State Salary Allocation Trends, Washington Teachers



Source: Dr. Lori Taylor calculations using OSPI's S-275 files and the updated CWI; see Figure 7 of the accompanying report, "But Are They Competitive in Seattle? An Analysis of Educator and Comparable Non-educator Wages in the State of Washington."

Initiative 732

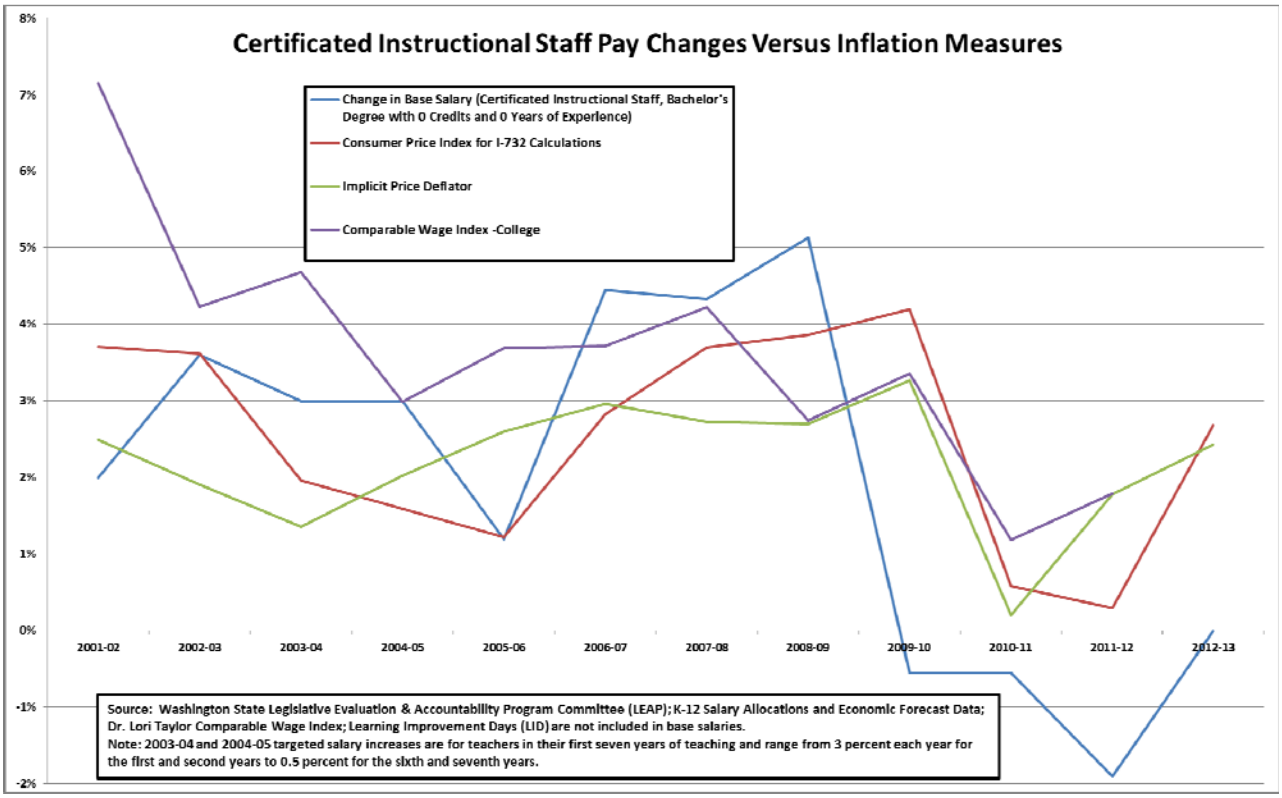
I-732 requires the state of Washington to provide an annual cost-of-living adjustment (COLA) for all K-12 employees, as well as certain staff at community and technical colleges. The initiative states that the COLA shall be based on the Consumer Price Index (CPI) prepared by the United States Bureau of Labor Statistics for the most recent year and shall be applied to all employees of the district. It also directs the legislature to fully fund the cost of living adjustment

as part of its obligation to meet the basic education requirements as laid out in the State of Washington Constitution. Each school district must distribute the COLA in accordance with the district's salary schedules, collective bargaining agreements, and compensation policies, and certify that the district spent the funds for COLAs. At the time of the election, Washington K-12 teachers and other staff as well as community college faculty had not received a cost-of-living raise in four of the prior eight years. The ballot measure stated that funds for the COLA should come from existing resources; Washington was operating with a budget surplus at the time.

After a 2003 ruling of the Washington Supreme Court (McGowan v. State) interpreted I-732 to require the state to provide a COLA for all K-12 staff, including locally and federally funded staff, the Washington State Legislature amended the statute to require payment of a COLA for state-funded allocations only. All staff receive the COLA, so this amendment ensured that dollars required for locally and federally funded staff salary increases would come from alternative funding sources rather than the state. The court also determined that the portion of I-732 declaring the COLA to be part of basic education was unconstitutional. House Bill 6059 suspended funding of I-732 for the 2003-2005 biennium, although funds were allocated for targeted increases to newer teachers and classified staff. The Washington State Legislature allotted $186 million for I-732 and other salary increases for state-funded K-12 employees for the 2005-07 biennium[2]. The Washington State Legislature funded I-732 and other compensation increases with approximately $500 million for the 2007-2009 school years[3]. When legislators again suspended funding for I-732 for the 2009-2011 biennium in Senate Bill 5470 , they specified that the missed COLAs must be caught up during the 2011-2013 biennium; however, House Bill 1132 suspended COLAs for the 2011-2013 and 2013-2015 school years and eliminated the catch-up provision.

The Basic Education Task Force recommended retaining the provisions of Initiative 732 to provide necessary cost of living adjustments to educators and school staff in its final report[4]. The 2008 Full Funding Coalition recommended an increase in average salaries for all K-12 staff beyond the COLA appropriated for I-732[5]. The 2010 State of Washington Total Compensation Survey indicates that 35 percent of respondents currently pay an annual adjustment to staff based on an inflation index.[6]

Exhibit 67: Base Pay for Certificated Instructional Staff Compared to Inflation



The change in base salary as shown in Exhibit 67 is the annual percentage change in the state salary allocation schedule for a teacher with zero years of experience, a Bachelor's Degree, and zero additional credits. The Consumer Price Index represents the change in a market basket of goods and services in the Seattle metropolitan area as reported by the Economic and Revenue Forecast Council. The Implicit Price Deflator measures the change in the level of all domestic goods and services (gross domestic product) produced in the United States rather than a specific market basket. The comparable wage index was prepared by Dr. Lori Taylor and represents the change in the level of wages in non-education occupations requiring at least a Bachelor's Degree compared to the national average.

Cost of Living Adjustment Recommendation

The Compensation Technical Working Group recommends that the Seattle-Bremerton Consumer Price Index be applied annually to salary allocations as recommended in this report. As evidenced by Exhibit 67, K-12 state allocated teacher salaries are falling behind compared to several common measures of inflation for Washington, particularly in the last three years when the state decreased funding for base salaries. In order to remain competitive, school districts must rely on local funding and other available sources to attempt to keep all salaries at an equitable level and to make up for employees' loss of purchasing power, shifting a greater percentage of the salary burden onto individual school districts instead of the state (See Exhibit 49). RCW 28A.400.201(3) requires the Compensation TWG to conduct a comparative labor market analysis of salaries for school district employees; however, without cost of living

adjustments, the state allocated salaries will soon lag other occupations and school districts will again have to rely on local funding or other adjustments to continue to pay competitive wages. All recommendations in this report assume that a cost of living adjustment as mandated by I-732 will be applied to K-12 salaries on an annual basis in order to maintain the comparable salary levels as suggested.

In addition, the Compensation TWG recommends that an updated comparable wage analysis be prepared every four years to ensure that educator salaries remain competitive with salaries in other industries. The market basket factor used as an inflation adjustment measures the change in the cost of goods and services, not wages; therefore, while the COLA is intended to compensate K-12 staff for changes in purchasing power, an updated comparable wage analysis will ensure that K-12 salaries remain competitive with like occupations and the state can continue to attract and retain the highest quality educators.

Average Employee Benefits

The Compensation Technical Working Group considered K-12 employee basic healthcare benefits and retirement benefits as part of the labor market analysis required by RCW 28A.400.201. However, it is important to note that benefit information is limited both regionally and nationally and comparability to other occupations and industries is difficult to measure.

Health Benefits

The Washington State auditor prepared an analysis of K-12 employee health benefits in February 2011. This report states that school districts paid 84 percent of health benefit premiums in 2009-2010; the state paid 64 percent of the total cost, while districts paid the remaining 20 percent with alternative funding sources.[7] The amount paid by K-12 staff ranges from 5 percent of premium for single plans to 39 percent for the employee plus a family,[8] although this amount varies by district due to allocations provided in local bargaining agreements and funding availability. The U.S. Bureau of Labor Statistics (BLS) National Compensation Survey reports the percentage of premiums paid by employers nationally for single coverage and family coverage separately. The ranges shown in Exhibit 68 represent the span of employer paid share of health care benefits for individual and family coverage.

Exhibit 68: Comparison of Employer Health Benefits

Employer	Percentage of Health Care Benefits Paid by Employer (2010)
Washington K-12 paid by state	64%
Total Washington K-12 (includes local funding)	84%
Private Industry (all employees)	67% to 77%
Private Industry (500 workers or more)	71% to 77%
Private Industry (Pacific Region)	66% to 79%
Private Industry (union employees)	82% to 88%
Private Industry (nonunion employees)	64% to 75%
Private Industry (full-time workers)	67% to 77%
Private Industry (part-time workers)	64% to 75%
Private Industry (Educational Services)	62% to 77%
State governments	75% to 87%
Local governments	72% to 89%
Source: U.S. Bureau of Labor Statistics National Compensation Survey, December 2010	

It is not possible to measure the quantity and quality of health care benefits and services purchased in the plans, so a direct comparison is not precise. In other words, the total dollar amount and benefits included in these plans is unknown. However, it appears that the total percentage of health care premiums paid by school districts and the state is on par with the national average of state and local government as well as other unionized workforces, while the

amount paid by the state alone is more comparable to the average paid by private companies. It must be noted that additional funding availability varies by school district; the state average of premiums paid by school districts is 20 percent but the variance between districts may be significant.

Retirement Benefits

Washington K-12 employees are currently eligible for a defined benefit retirement plan. This type of plan provides an annuity benefit, or a fixed lifetime amount paid on a regular basis and based on years of service and final salary. Newer employees may be in a defined benefit plan with a defined contribution element. Effective September 1, 2011, the state of Washington contributes 8.04 percent of pay to the Teachers Retirement System (TRS), 7.25 percent of pay to the Public Employees' Retirement System (PERS), and 7.59 percent to the School Employees' Retirement System (SERS)[9]. Employee contributions range from 3.16 percent to 6.0 percent, depending on the plan. On a national level, state and local governments contribute about 6.8 percent of pay to primary, secondary, and special education teacher retirement plans and 6.4 percent of wages to all defined benefit plans according to BLS (December 2010).

Exhibit 69: Comparison of Employer Retirement Benefits

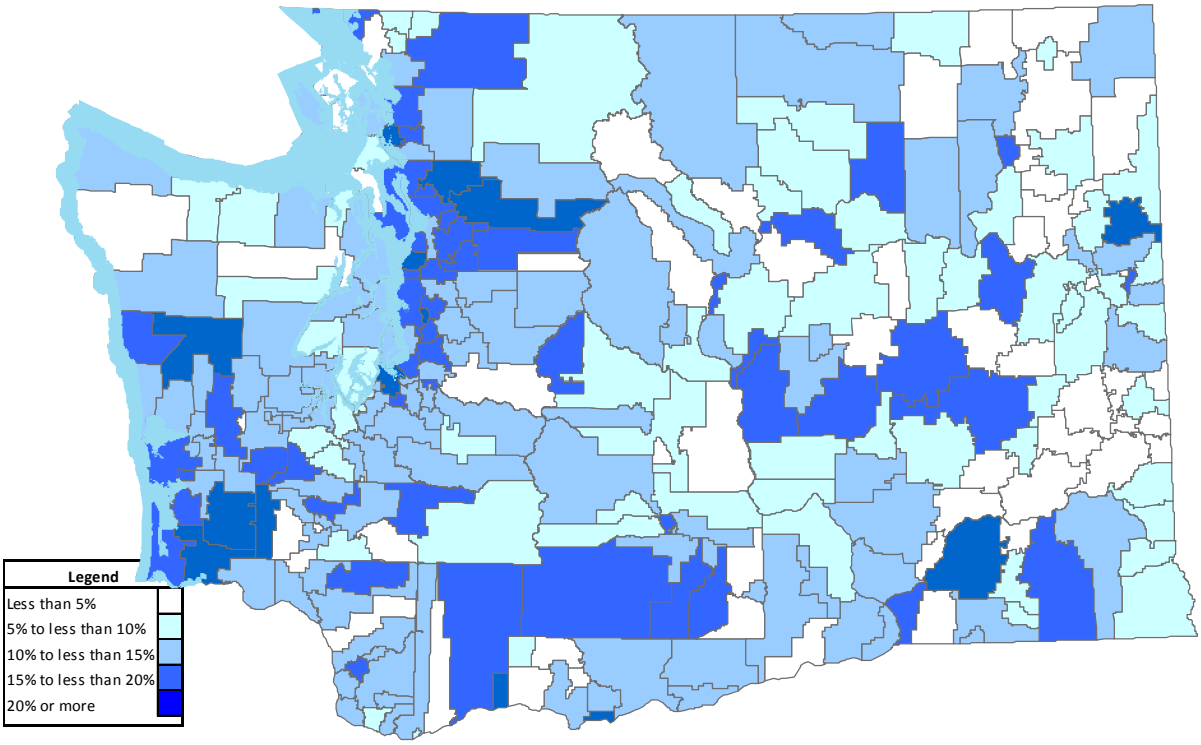
Employer	Employer Contribution – Defined Benefit Plan (2010 Annual)
State of Washington	
• Teachers Retirement System (TRS)	8.04%
• Public Employees' Retirement System (PERS)	7.25%
• School Employees' Retirement System (SERS)	7.59%
Private Industry (all employees)	4.6%
Private Industry (500 workers or more)	2.7%
Private Industry (Pacific Region)	6.4%
Private Industry (union employees)	5.2%
Private Industry (nonunion employees)	4.5%
Private Industry (full-time workers)	4.5%
Private Industry (part-time workers)	5.6%
State/local government – Elementary/secondary schools	6.6%
State governments	5.9%
Local governments	6.5%
Source: U.S. Bureau of Labor Statistics National Compensation Survey, December 2010	

BLS does not report employee contributions to retirement plans, so it is difficult to make a thorough analysis of the total amounts invested in the arrangements. In addition, BLS does not report the level of benefits and qualifications to receive benefits, such as retirement age and years of service. Plans also accept varying levels of risk and record divergent levels of return on employer and employee investments. It is also important to note that Second Engrossed Senate Bill 6378 (2ESB 6378) directs the select committee on pension policy, with the assistance of the office of the superintendent of public instruction, and shall also study existing early retirement

factors and job requirements that may limit the effectiveness of the older classroom employee. The effects of any changes are currently unknown. However, it appears that Washington State retirement contributions for K-12 employees are slightly higher than other state and local governments as well as the private industry in our region and more generous than those in private industry.

The state of Washington allocates $9,216 per FTE for health care benefits in the 2011-12 school year. Exhibit 70 illustrates the additional cost of benefits that is borne by school districts in excess of the state allocation to provide a competitive total compensation package to K-12 staff.

Exhibit 70: Additional Benefits per FTE Above State Allocation



Summary

While benefits appear to be adequate to attract and retain a high-quality workforce, it is difficult to make a direct assessment against comparable occupations due to the variances in plan offerings and limitations in the data. As Dr. Lori Taylor notes in the accompanying report, *"But Are They Competitive in Seattle,"* public sector employees are more likely to have health care and retirement benefits than private sector workers.[10] Washington K-12 employees receive benefits at approximately the same levels as other government workers. However, the Compensation TWG is unable to determine a dollar value that an individual may place on these benefits when making a career choice. In addition, as evidenced by Exhibit 70, school districts

are supplementing state payments for benefits using local funds in order to provide a competitive total pay package to employees. There is no solid research that predicates the role of health and retirement benefits in career decisions of educators.[11] While DeArmond and Goldhaber posit in a recent report on teacher pensions that "there is some evidence to suggest that prospective teachers consider fringe benefits a high priority when weighing the attractiveness of a career in teaching,"[12] they concede that this preference may vary by individual characteristics. Some researchers argue that lack of portability in certain state retirement plans may be a disincentive for particular groups of workers to enter education professions.[13] Employee mobility has increased in recent years and many young workers anticipate holding multiple jobs during their careers.[14] A recent study found that a retirement plan is more likely to affect retention than recruitment.[15] Almost 65 percent of respondents younger than 35 with a defined benefit plan stated that the retirement plan was of low or no importance in attracting them to the job, compared to about 50 percent of workers 45 or older.[16] A 2002 study found that 25 percent of respondents took or left a job because of benefits; 6 percent make the job choice due to the retirement plan offered and 5 percent made the choice because of a lack of retirement plan.[17] The 2010 State of Washington Total Compensation Survey indicates that 56 percent of responding organizations currently offer a defined benefit pension plans to newly hired staff.[18]

Benefits Recommendation

The Compensation TWG recognizes that benefits, including retirement and health benefits, are part of the total compensation package offered to K-12 employees. Total funding for retirement plans for K-12 staff appears to be at a higher rate than other employers while state allocations for health care plans for K-12 employees are lower than other employers. Because of the uncertainties in interpreting the role of benefits in recruitment and retention of the K-12 workforce and the evidence that overall benefits are competitive with similar employers, the Compensation TWG does not suggest any adjustments in comparable wage recommendations due to a difference in "other compensation" or benefits.

ENDNOTES

[1] Washington Secretary of State, 2000 Elections & Voting, retrieved from http://wei.secstate.wa.gov/osos/en/PreviousElections/Pre2004/Pages/default.aspx?RootFolder=%2fosos%2fen%2fPreviousElections%2fPre2004%2fDocuments%2f2000&FolderCTID=&View=%7bA23B001F%2dC62C%2d4094%2d82E1%2d95065B21B6D6%7d

[2] "A Citizen's Guide to the Washington State K-12 Finance." (2007). Page 5.

[3] "A Citizen's Guide to the Washington State K-12 Finance." (2009) Retrieved from http://www.leg.wa.gov/Senate/Committees/WM/Documents/Publications/BudgetGuides/2009/K1209.pdf, page 6.

[4] "Final Report of the Joint Task Force on Basic Education Finance." (January 14, 2009). Page C-48. Retrieved from: http://www.k12.wa.us/Compensation/pubdocs/BasicEdFinanceTaskForceFinalReport.pdf.

[5] "Attaining A World-Class K-12 System." (June 10, 2008). Full Funding Coalition. Page 8. Retrieved from: http://www.leg.wa.gov/JointCommittees/BEF/Documents/AttainingWorldClass.pdf.

[6] "State of Washington 2010 Total Compensation Survey Results" (September 2009). Washington Department of Personnel. Page 19. Retrieved from: http://dop.wa.gov/SiteCollectionDocuments/CompensationAndJobClasses/Salary%20Surveys/2010TCSResults/TCSParticipantReportIn-State03-02-10.pdf

[7] "State Auditor's Office Performance Review K-12 Employee Health Benefits." (February 2011). Retrieved from: http://www.k12.wa.us/Compensation/pubdocs/ar1004979stateauditork12employeebenefits.pdf. Page 3.

[8] State Auditor, Ibid, page 4.

[9] Washington Department of Retirement Systems. Email Notice No. 11-022 (July 22, 2011). Retrieved from http://www.drs.wa.gov/employer/drsn/11022.htm.

[10] Taylor, Lori, "But Are They Competitive in Seattle? An Analysis of Educator and Comparable Non-educator Wages in the State of Washington." (March 2012). Page 44.

[11] Johnson, Susan Moore, Jill Harrison Berg, and Morgaen L. Donaldson. "Who Stays in Teaching and Why: A Review of the Literature on Teacher Retention." (February 2005). Page 47. Retrieved from http://assets.aarp.org/www.aarp.org_/articles/NRTA/Harvard_report.pdf

[12] DeArmond, Michael and Dan Goldhaber, "Scrambling the Nest Egg: How Well Do Teachers Understand Their Pensions and What Do They Think About Alternative Pension Structures?" (February 2009). Retrieved from http://www.performanceincentives.org/data/files/news/ConferencePapers2009News/NEW_DeArmond_Goldhaber.200913.pdf. Page 4.

[13] Kimball, Steven, Herbert Heneman, & Eileen Kellor, "Pensions for Teachers: Possible Changes and Implications." (January 2003). Consortium for Policy Research in Education. Retrieved from http://cpre.wceruw.org/papers/Pensions%20Draft.pdf. Page 3.

[14] Hansen, Janet, "Teacher Pensions." (May 2008) Retrieved from: http://www.nctq.org/nctq/research/1217354436504.pdf. Page 22.

[15] Gough, Orla and Rod Hick; "Employee Evaluations of Occupational Pensions." (2009) Employee Relations, Vol. 31 Issue 2, p. 158-167.

[16] "How Do Retirement Plans Affect Employee Behavior?" (April 2005). Retrieved from http://www.watsonwyatt.com/us/pubs/insider/showarticle.asp?ArticleID=14596

[17] Kimball, Steven, Herbert Heneman, & Eileen Kellor, "Pensions for Teachers: Possible Changes and Implications." (January 2003). Consortium for Policy Research in Education. Retrieved from http://cpre.wceruw.org/papers/Pensions%20Draft.pdf, page 48.

[18] "State of Washington 2010 Total Compensation Survey Results" (September 2009). Washington Department of Personnel. Page 90. Retrieved from: http://dop.wa.gov/SiteCollectionDocuments/CompensationAndJobClasses/Salary%20Surveys/2010TCSResults/TCSParticipantReportIn-State03-02-10.pdf