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Teacher and School Employee Pay: A Strategic Approach

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EXECUTIVE SUMMARY

The Governor has proposed a significant commitment to public education in requesting across-the-board raises of \$2,400 each for teachers and \$750 for school support workers. This would raise average teacher pay to the Southern regional average of \$46,400 for 2007-08. However, the proposed raises will fail to push pay up to the Southern regional average in almost two-thirds of Louisiana's districts and simply reinforce the current inequities across the state relative to teacher salaries.

This report examines a number of teacher pay issues:

- Whether the average pay in Southern Regional Education Board (SREB) states is an appropriate target;
- The effect of current pay levels on recruitment and retention of quality teachers;
- The pros and cons of across-the-board pay raises for teachers and school employees;
- The fairness of the MFP as a basis for allocating additional funding;
- Whether pay plans based on needs and performance can effectively replace the current system of standardized pay and across-the-board raises.

The SREB average offers a useful and recognizable target that broadly indicates the state's relative standing in the south, but tends to obscure the wide variations in pay within the state. Even if the SREB target is reached, average pay in 51 of the 68 districts would still fall below the target—by as much as 27 percent.

While Louisiana's average pay may soon reach that of its neighboring states, teachers in the lower-paying districts will continue to have an incentive to move to better-paying metro areas like Dallas or Atlanta. Louisiana's most recent teacher retention rates are significantly lower than national averages. Chasing the SREB average will likely do little to solve that problem.

Statistics only show a weak relationship between average teacher pay and district performance. However, there is a moderate relationship between average beginning pay of a district and teacher certification levels. Likewise, there is a moderate relationship between teacher certification levels and district performance scores. Perhaps the reason for the lack of a direct relationship between pay and performance is the simple fact that we have yet to pay teachers for their performance. Of the 33 districts that offer supplemental pay packages to teachers, only one ties that supplement to performance measures.

National education experts have suggested for decades that teacher salaries should be linked to performance measures and standards. Louisiana and other SREB members have had a variety of innovative programs designed to do just that. Louisiana's most recent effort, the Teacher Advancement Program (TAP), is gaining ground quickly, and early indications are that the TAP pay model is working as a teacher recruitment and retention tool. Different incentive pay models, however, may be more appropriate for other districts.

While politically attractive, the across-the-board approach to granting raises has major flaws. It continues the existing inequities in school funding across the state and treats higher-paid and lower-paid teachers equally. Even more importantly, it removes local discretion to reward performance or provide incentives to meet local recruitment needs.

INTRODUCTION

Across-the-board raises allocate funds to the districts based on the number of teachers or employees, not on the relative wealth or tax efforts of those districts. A district that can afford to hire more teachers or employees gets more funding. The MFP, while not perfect, is designed to equalize funding based on relative tax bases, number and type of students and other factors. Across-the-board pay raises circumvent this equalization.

While across-the-board raises are more defensible for school employees than for certificated employees, they create the same inter-district equity issues as do teacher raises. Louisiana has a long tradition of the state micro-managing school employees' pay and working conditions, which has reduced local flexibility to set pay and work policies or to contract with private service providers. Comparison to similar private-sector occupations in the state show that school support positions appear, on average, to be compensated fairly similarly.

PAR recommends that:

- 1. Rather than grant an across-the-board teacher raise, the state should distribute the same statewide total amount to the districts in the same proportion that they receive state MFP funding. The districts should develop incentive pay programs that include pay for performance, teaching in shortage areas or other factors that meet local district needs.**
- 2. The Louisiana Department of Education (LDE) should encourage and support local pay-for-performance innovations and experiments by assisting in program design, establishing the necessary databases and providing research and current data on teacher shortages, turnover, retention and other information relevant to pay policies. A system for tying individual student performance to individual teachers is an essential element.**
- 3. In funding raises for non-professional school support workers, the state should appropriate the proposed \$35 million to the school districts in proportion to their shares of MFP funding. The districts should have discretion as to how the raises are granted.**
- 4. The state should eliminate any legal impediments that may discourage local school districts from considering and bidding out private contracts for school support services.**

Over the past decade Louisiana governors have vowed consistently to bring the state's average teacher pay up to the constantly-rising regional average for the 16 member states of the Southern Regional Education Board (SREB). Five large teacher pay raises have helped close the \$5,697 gap that existed between the state and the SREB in 1996. However, Louisiana's average teacher salary still is projected to lag \$2,400 behind next year's estimated SREB average of \$46,400 if no additional pay is provided.

In the upcoming 2007 regular legislative session, the governor is pressing for a statewide across-the-board pay hike of \$2,400 for teachers and other certificated personnel for the 2007-08 school year. The initial budget recommends \$158 million to provide \$2,400 each, plus retirement contributions, for 56,893 certified employees. Support workers would receive \$750 across-the-board raises costing \$35 million.

In addition, the administration proposal calls for a \$155 million increase in the state's Minimum Foundation Program (MFP) funding for public school operations. The 51 local school districts with teacher salary averages below the SREB average would be required to apply half of their additional MFP money to teacher pay raises. While the districts would have discretion as to the way these raises would be given, it is assumed that most would be across-the-board equal amounts. These required raises could range as high as \$5,305 per full-time teacher in one district. However, even with the proposed \$2,400 raise, that district would still be \$6,000 shy of the SREB average. Districts above the SREB average in 2006-07 could use all of their extra MFP money at their discretion for pay raises or other purposes.

Even if the state were to reach the SREB average, more than two-thirds of all teachers would be in the 51 districts that would still have average salaries below the SREB average. The new district averages would run as low as \$35,769, or 77 percent of the SREB average (\$46,400).

Depending on how much of the additional MFP money districts put into pay raises, the governor's proposal could result in the state average surpassing the SREB average teacher salary—perhaps by as much as \$1,000 or more. The administration proposal raises a number of questions regarding the appropriate role of the state in setting teacher salaries; the goals of teacher pay policies; and the relationship between teacher pay and hiring, retention and student performance.

This report examines a number of key pay-related issues, draws conclusions from available data and recommends an alternative to the current proposals for providing pay increases for teachers and school employees. The questions considered are as follows:

- Is the SREB teacher-pay average an appropriate goal for Louisiana?
- Are current teacher-pay levels negatively affecting the recruitment and retention of quality teachers?
- What relationship, if any, is there between teacher pay and student performance?
- What are the advantages and disadvantages of granting across-the-board teacher-pay raises?
- Could teacher pay plans based on needs, performance or merit offer realistic or desirable alternatives to the current system of standardized pay schedules and across-the-board raises?
- Is the MFP a fair mechanism for distributing additional funding that districts might use for pay raises?
- Should school employees and teaching staff be treated similarly in making compensation decisions?

Louisiana ranks near the bottom of the states on almost every possible measure of student performance. Improving student performance and raising educational achievement is key to the development of the state’s economy. While there are no clear-cut answers to the question of how to improve the state’s educational outcomes, policymakers must continually seek the greatest bang for the buck in making each decision regarding resources. Teacher pay is by far the largest single consumer of education resources, and it is essential that compensation policy decisions consider maximizing their potential impact on student performance.

THE SREB AVERAGE AS A GOAL

The average teacher salary for the 16 Southern Regional Education Board (SREB) member states has long served as a moving target for Louisiana. The SREB states encompass Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. While the SREB average is simple, easy to understand, readily available, relatively easy to project and widely accepted, it does have some drawbacks.

Critics have suggested adjusting the figure to account for state differences in such factors as the cost of living, teacher education, years of experience, number of teaching hours or days, pupil/teacher ratios, benefits, retirement plans and even take-home pay after state/local taxes are taken out. Some would exclude the wealthy, high-paying states of Delaware and Maryland, which tend to raise the average.

Most of the potential adjustments to the SREB average would have the effect of lowering Louisiana’s target, thus helping to close the apparent gap. Several teacher groups have protested the use of such adjustments and consider the SREB average their gold standard as do a number of other southern states. Several southern states that are above the SREB average since have adopted the even higher national average as their goal.

The SREB average teacher salary estimates and projections adopted by the state’s Education Estimating Conference (EEC) for use by Louisiana policymakers is an unadjusted simple (un-weighted) average of the 16 SREB states (see Table 1). The average has grown by more than \$1,000 a year for many years and the trend indicates it will continue to grow at 2 percent to 3 percent a year in the near future.

The governor’s proposed teacher pay increases for 2007-08 were designed to bring the statewide average pay to the projected \$46,400 SREB average.

Table 1. Estimated and Projected Average Teacher Salaries, Louisiana and SREB

Year	Louisiana	SREB	Difference	% LA of SREB
1995	\$ 26,461	\$ 31,819	\$ (5,358)	83.2%
1996	\$ 26,800	\$ 32,497	\$ (5,697)	82.5%
1997	\$ 29,025	\$ 33,500	\$ (4,475)	86.6%
1998	\$ 30,090	\$ 34,442	\$ (4,352)	87.4%
1999	\$ 32,384	\$ 35,722	\$ (3,338)	90.7%
2000	\$ 33,109	\$ 37,007	\$ (3,898)	89.5%
2001	\$ 33,615	\$ 38,196	\$ (4,581)	88.0%
2002	\$ 36,328	\$ 39,498	\$ (3,170)	92.0%
2003	\$ 37,166	\$ 40,592	\$ (3,426)	91.6%
2004	\$ 37,918	\$ 41,375	\$ (3,457)	91.6%
2005	\$ 39,022	\$ 42,298	\$ (3,276)	92.3%
2006	\$ 40,029	\$ 43,655	\$ (3,626)	91.7%
2007*	\$ 42,700	\$ 45,169	\$ (2,469)	94.5%
2008*	\$ 44,000	\$ 46,400	\$ (2,400)	94.8%
2009*	\$ 45,200	\$ 47,406	\$ (2,206)	95.3%
2010*	\$ 46,400	\$ 48,525	\$ (2,125)	95.6%
2011*	\$ 47,700	\$ 49,613	\$ (1,913)	96.1%

Source: Education Estimating Conference, March 2007 (AFT, NEA 1993-1994 to 2005-2006)

* Projected Average Teacher Salaries, Louisiana and SREB

From 1995 to 2005, Louisiana raised its ranking from 16th among the SREB states in average teacher pay to an all-time high of 12th. Only two other members of the SREB, North Carolina and South Carolina, increased their ranking in that decade more than Louisiana. Nationally, Louisiana

ranked 44th of the 50 states in 2005 and boasted the largest percentage of change, 13.6 percent, in average salaries of teachers.

Louisiana’s average pay in 1995 was 17 percent below the SREB average, but Louisiana reduced that difference to 8 percent by 2005. Similarly, Louisiana’s average pay was 28 percent below the national average in 1995, but only 18 percent lower by 2005.

A recent publication by the John Locke Foundation (JLF) adjusted the 2005-06 average teacher salaries for all states to account for differences in pension matches, years of experience and cost of living. These calculations brought Louisiana’s pay from a ranking of 44th in the nation to 17th—raising it from the JLF estimate of \$40,253 to \$51,975 or more than 12 percent above the national average. While the selection of adjustments used was questionable, this extreme example illustrates the problem of relying too heavily upon a simple comparison of averages.

Even making all of the logical adjustments, the SREB target remains a simplistic measure that ignores important pay considerations. It does not relate pay to that of the states with which Louisiana is actually competing for teachers. Neither does it address the variation in pay within the state, which exceeds the range in average pay among the SREB states. Furthermore, it does not deal with the important question of whether the state is capable of supporting the level of funding necessary to meet the target.

The State’s Ability to Pay

One way to gauge the relative difficulty the state’s economy might have in supporting teacher pay at the SREB average is to compare its per-capita personal income (PCPI) to the SREB average. By 2004, Louisiana teacher pay was at 91.6 percent of the SREB average and its PCPI was at 91.7 percent. However, the hurricanes threw the state’s personal income out of sync with the state government revenues. Louisiana’s PCPI fell to 79.7 percent of the SREB average in 2005, while teacher salaries remained at 92 percent. The most recent annual figures show that Louisiana’s PCPI rose 25.5 percent in 2006—more than making up for its prior year loss. More importantly the state’s PCPI was at

94.4 percent of the SREB 2006 average, while the state’s average teacher salary for 2006-07 rose to a nearly identical 94.5 percent of the SREB average.

This congruence may be coincidental, but it could also mean that, relative to the SREB states, Louisiana has been making an average effort to pay teachers considering its ability. If this is the case, funding the proposed pay raise would require Louisiana to make about a 5 percent greater revenue effort, relative to personal income, than the other SREB states on average.

Neighboring Competitors

While most teacher college graduates take jobs in their home state, other states are working to attract them. There are no data regarding the out-of-state destinations of those students who leave, but it can be assumed that the neighboring states, and perhaps one or more large southern metropolitan centers, would be Louisiana’s primary competitors.

It is unlikely, however, that the difference in average salaries would be strong enough to encourage teachers to relocate. Louisiana’s EEC data estimate 2005-06 salary averages are \$40,029 for Louisiana, \$42,931 for Arkansas, \$40,594 for Mississippi and \$41,744 for Texas.

Major metropolitan areas within neighboring states, such as Dallas (\$44,784) and Houston (\$44,084), report salaries well above Louisiana’s average. Atlanta, a popular destination for Louisiana students, indicates a vastly different pay average (\$52,809) than Louisiana. Whether any of these variances is great enough to affect teacher retention and movement, however, is not known.

National surveys indicate that dissatisfaction with pay is high on the list of reasons given for the exodus of new teachers. This is likely a factor in Louisiana’s loss of 43 percent of new teachers within the first three years of teaching, as reported by the Louisiana Department of Education (see Table 2). Salary competition with neighboring states may exacerbate the issue.

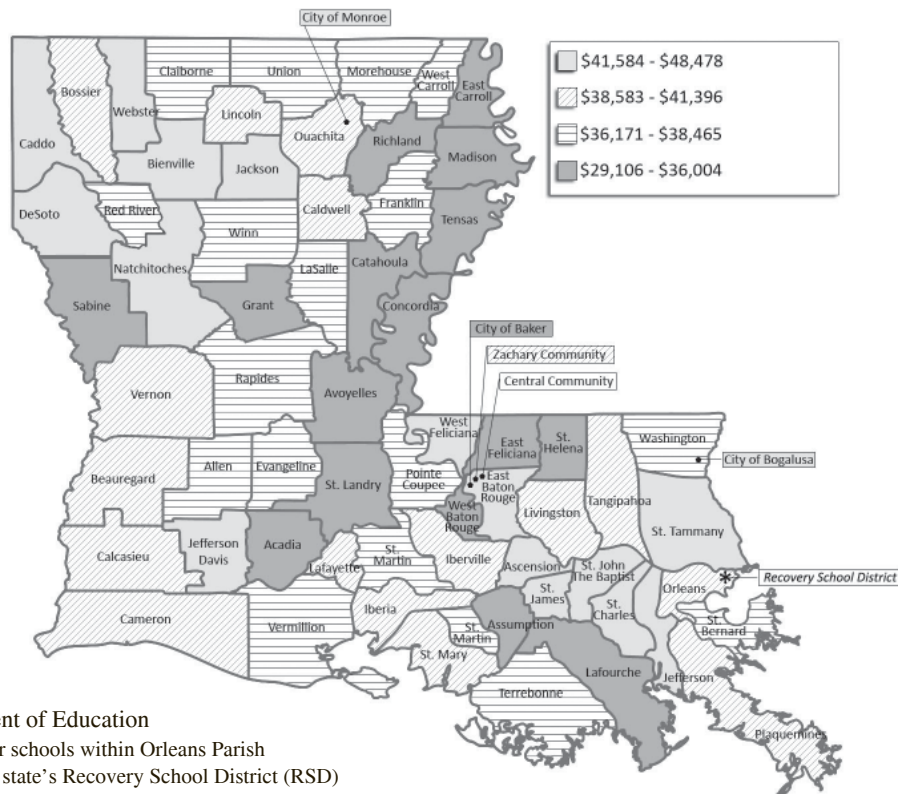
Teacher pay had nothing to do with the recent exodus of teachers from hurricane impacted districts. However

Table 2. Teacher Retention in Louisiana

Teachers – New Hires, 1999-2000	Percentage Retained Through One Year	Percentage Retained Through Two Years	Percentage Retained Through Three Years
Teachers from Louisiana Universities	87.52%	78.46%	74.87%
Teachers from Out-of-State Universities	76.50%	62.50%	57.00%
Teachers without Standard Certificate	62.93%	43.97%	39.37%
ALL NEW PUBLIC SCHOOL TEACHERS	75.32%	61.34%	57.18%

Source: Louisiana Department of Education, Blue Ribbon Commission for Educational Excellence

Figure 1. 2005-06 Average Teacher Pay (Districts by Quartile)



Source: Louisiana Department of Education
 * 21 public schools & 17 charter schools within Orleans Parish currently being managed by the state's Recovery School District (RSD)

pay and other considerations, such as housing assistance, may play a part in refilling positions, particularly in New Orleans. Many former teachers who have gone out of state and those who remain elsewhere in the state find it difficult to return, particularly considering housing shortages, the crime rate, school environment and other negative factors. Congress currently is considering funding to help teachers return to these devastated districts.

Pay Ranges Within the State

Relying on average pay figures to drive pay policy tends to obscure and help perpetuate serious deficiencies and inequities within the state. The range in average pay among Louisiana school districts is significant. The lowest district's average pay (\$29,106) was 60 percent of the highest (\$48,478) in 2005-06. In fact, 45 of the state's 68 districts fell below the state average, and 17 of the 68 fell 10 percent or more below the state average pay (see Table 3).

This may or may not be a problem depending on who the closest competitor for teachers is and a number of other factors. For example, a low-paying rural district in northeast Louisiana (see Figure 1) may be competing with similarly low-paying rural districts in Arkansas and Mississippi. It is more likely, however, that the major competition for teachers in a low-paying rural Louisiana district will be a higher-paying urban district in Louisiana or another state.

Of the western Louisiana districts, Sabine paid the lowest average salary in 2005-06 (\$33,507) and ranked 64th of the 68 districts overall. Arguably, teachers in Sabine may take a hard look at relocating to neighboring Texas. DeSoto was the highest paying of Louisiana's western districts (\$42,523) that year, ranking 11th out of the 68 districts and comparing favorably with the Texas average (\$41,744).

The northern Louisiana districts ranged from high-paying Webster Parish (\$42,632), 10th in the state, to low-paying Union Parish (\$36,501), 48th in the state. Whether these teachers could be enticed to work in Arkansas (\$42,936) is hard to predict.

Some of Louisiana's lowest-paying districts are found in the upper eastern quadrant of the state—Catahoula (\$29,106), ranked 68th, East Carroll (\$32,473), ranked 67th, Madison (\$32,879), ranked 66th, and Tensas (\$33,439), ranked 65th. Teachers from any of those areas might be tempted to teach in Mississippi where the average pay is \$7,000 to \$11,000 more a year.

For all of its flaws, the SREB teacher pay average provides a useful and consistent measure over time of the overall effort of the state and local districts to pay teachers relative to other states in the region. However, it entirely ignores any inequities in district pay, deficiencies within pay scales and the magnitude of the actual problems of intra-

Table 3. Teacher Pay, District Performance and Certified Teachers by District

District	BA-0 Year	MS-0 Year	BA-5 Years	MS-5 Years	Supplemental Pay
ACADIA	\$30,889	\$31,254	\$32,675	\$33,221	
ALLEN	\$32,122	\$33,675	\$33,889	\$35,621	\$2,000
ASCENSION	\$33,275	\$33,886	\$35,566	\$36,523	
ASSUMPTION	\$30,778	\$30,828	\$31,676	\$32,258	
AVOUELLES	\$29,249	\$29,602	\$31,016	\$31,548	\$2,200
BEAUREGARD	\$30,915	\$31,296	\$32,827	\$33,403	\$3,600
BIENVILLE	\$32,579	\$33,016	\$34,791	\$35,449	\$780
BOSSIER	\$33,874	\$34,282	\$35,916	\$36,532	
CADDO	\$33,290	\$34,190	\$35,740	\$36,887	\$145-\$200
CALCASIEU	\$31,226	\$32,726	\$33,118	\$34,618	
CALDWELL	\$29,365	\$29,718	\$30,468	\$31,094	\$1,700
CAMERON	\$30,714	\$31,214	\$32,714	\$33,214	
CATAHOULA	\$23,124	\$23,477	\$24,891	\$25,423	\$670
CITY OF BAKER	\$28,911	\$30,305	\$30,762	\$32,400	
CITY OF BOGALUSA	\$32,982	\$33,594	\$35,236	\$36,066	
CITY OF MONROE	\$36,071	\$36,701	\$38,014	\$38,909	\$1,000 - \$2,000
CLAIBORNE	\$31,891	\$32,244	\$33,658	\$34,190	\$2,003
CONCORDIA	\$27,278	\$27,640	\$29,089	\$29,634	\$1,400
DESOTO	\$34,480	\$35,480	\$36,980	\$37,980	
EAST BATON ROUGE	\$32,525	\$33,378	\$34,206	\$35,652	
EAST CARROLL	\$26,651	\$27,004	\$28,218	\$28,750	\$1,900
EAST FELICIANA	\$28,475	\$28,875	\$30,478	\$31,080	7% of total salary
EVANGELINE	\$31,673	\$32,086	\$33,744	\$34,368	\$850
FRANKLIN	\$28,094	\$28,447	\$29,717	\$30,249	\$4,429
GRANT	\$28,772	\$29,139	\$30,610	\$31,163	\$2,500 Instructional
IBERIA	\$32,686	\$33,039	\$34,453	\$34,985	
IBERVILLE	\$31,325	\$32,120	\$33,620	\$35,120	0 - \$670
JACKSON	\$22,208	\$22,561	\$23,675	\$24,207	\$21,000
JEFFERSON	\$33,255	\$33,855	\$36,255	\$36,855	
JEFFERSON DAVIS	\$33,394	\$35,047	\$35,161	\$36,993	
LAFAYETTE	\$32,771	\$34,457	\$35,093	\$36,779	
LAFOURCHE	\$29,146	\$30,050	\$31,014	\$32,104	
LASALLE	\$29,123	\$29,476	\$30,890	\$31,422	\$175
LINCOLN	\$36,326	\$36,679	\$38,093	\$38,625	\$1,482 & \$3,414
LIVINGSTON	\$32,696	\$33,160	\$34,518	\$35,166	
MADISON	\$25,958	\$26,311	\$27,725	\$28,257	\$3,600
MOREHOUSE	\$32,113	\$32,506	\$34,085	\$34,680	1.5% of base
NATCHITOCHE	\$32,413	\$33,428	\$34,897	\$36,125	
ORLEANS	\$30,742	\$31,348	\$34,216	\$34,963	
OUACHITA	\$31,912	\$32,528	\$34,053	\$34,849	
PLAQUEMINES	\$31,949	\$32,543	\$34,202	\$35,035	
POINTE COUPEE	\$31,233	\$31,607	\$33,088	\$33,645	
RAPIDES	\$31,033	\$31,404	\$32,889	\$33,447	\$2,200
RED RIVER	\$30,191	\$30,638	\$32,428	\$33,101	
RICHLAND	\$29,147	\$29,890	\$30,914	\$31,836	\$3,000
SABINE	\$27,872	\$28,263	\$29,825	\$30,413	
ST. BERNARD	\$28,023	\$29,023	\$30,625	\$31,729	
ST. CHARLES	\$33,234	\$33,552	\$35,839	\$36,682	
ST. HELENA	\$25,118	\$25,471	\$26,885	\$27,417	
ST. JAMES	\$38,174	\$38,537	\$39,987	\$40,533	\$1,000
ST. JOHN THE BAPTIST	\$32,991	\$33,424	\$35,320	\$36,048	TBD at end of fiscal year
ST. LANDRY	\$30,909	\$31,003	\$32,550	\$32,346	
ST. MARTIN	\$32,352	\$32,816	\$33,548	\$34,196	\$4,720
ST. MARY	\$31,090	\$31,792	\$33,483	\$34,409	
ST. TAMMANY	\$34,690	\$36,562	\$37,269	\$39,399	
TANGIPAHOA	\$33,057	\$33,954	\$35,392	\$36,518	\$500 certified employees
TENSAS	\$24,686	\$25,039	\$26,453	\$26,985	\$1,500
TERREBONNE	\$30,174	\$30,578	\$32,076	\$32,673	
UNION	\$30,607	\$30,974	\$32,445	\$32,998	\$7,400
VERMILION	\$30,785	\$31,961	\$33,150	\$34,534	2% of salaries
VERNON	\$32,306	\$32,759	\$34,673	\$35,305	\$2,500
WASHINGTON	\$31,082	\$31,485	\$32,811	\$33,417	
WEBSTER	\$34,504	\$34,910	\$36,398	\$37,010	
WEST BATON ROUGE	\$29,946	\$30,352	\$31,967	\$32,579	\$400
WEST CARROLL	\$30,838	\$31,191	\$32,065	\$32,597	\$1,800 & \$1,200
WEST FELICIANA	\$36,325	\$36,743	\$38,424	\$39,057	
WINN	\$30,101	\$30,517	\$32,186	\$32,814	
ZACHARY COMMUNITY	\$30,363	\$31,757	\$32,214	\$33,852	

Source: Louisiana Department of Education

2005-06 Districts Actual Average Pay	Rank	2005-06 Districts Performance Score	Rank	2005-06 Districts Teacher Certification Score	Rank
\$33,697	63	83.7	26	95.4	23
\$37,475	42	93.9	13	96.6	16
\$41,896	14	97.1	9	96.6	15
\$35,601	56	79.6	38	95.3	24
\$35,708	55	72.1	47	95	26
\$39,037	29	98.2	7	98.3	8
\$41,584	17	79.3	40	89.7	47
\$41,396	18	95.8	12	95.8	21
\$42,506	12	81.7	32	91.8	44
\$38,681	32	waived (Katrina)	N/A	waived (Katrina)	N/A
\$38,822	31	86.9	20	95.6	22
\$39,584	25	waived (Katrina)	N/A	waived (Katrina)	N/A
\$29,106	68	96.1	11	86.6	54
\$34,794	58	60.3	57	83.9	56
\$41,778	16	waived (Katrina)	N/A	waived (Katrina)	N/A
\$42,856	8	75.2	43	94.9	27
\$37,094	43	73.5	46	92.2	42
\$34,134	62	80.7	35	89.9	46
\$42,523	11	81.4	33	97.4	11
\$41,788	15	73.9	45	93.1	32
\$32,473	67	64.1	56	86	55
\$35,013	57	71.2	48	93	34
\$37,765	40	75.5	42	92.6	38
\$36,256	50	66.8	54	82.7	58
\$34,639	59	88.6	18	94.6	28
\$38,609	33	84.1	25	99.6	4
\$40,463	22	68.8	53	92.7	37
\$48,478	1	85.6	21	100	1
\$43,155	6	waived (Katrina)	N/A	waived (Katrina)	N/A
\$42,497	13	97.2	8	99.9	2
\$41,319	19	90.9	16	87.9	52
\$36,004	52	85.2	23	95	2
\$36,504	47	92.3	14	89.9	45
\$39,328	27	88.5	19	99.7	3
\$39,365	26	99.5	5	97.4	10
\$32,879	66	56	58	83.4	57
\$37,615	41	79.5	39	96.3	17
\$42,994	7	77	41	92	43
\$40,952	20	waived (Katrina)	N/A	waived (Katrina)	N/A
\$40,746	21	101	3	92.8	36
\$38,992	30	waived (Katrina)	N/A	waived (Katrina)	N/A
\$38,465	35	66.7	55	89.5	48
\$38,261	38	88.8	17	92.4	39
\$36,336	49	69.2	52	99.5	6
\$35,924	53	75	44	92.3	41
\$33,507	64	85.5	22	93	33
\$36,713	46	waived (Katrina)	N/A	waived (Katrina)	N/A
\$42,781	9	99.2	6	88.2	51
\$34,543	60	52.6	59	66.6	59
\$44,961	3	82.5	29	98.6	7
\$43,548	5	69.8	50	93.6	31
\$34,354	61	84.9	24	87.1	53
\$38,104	39	82.4	30	94.1	29
\$39,734	24	80	37	92.4	40
\$44,366	4	waived (Katrina)	N/A	waived (Katrina)	N/A
\$40,262	23	80.3	36	94	30
\$33,439	65	69.7	51	88.8	50
\$36,171	51	82.8	27	97.1	12
\$36,501	48	71.2	49	93	35
\$38,385	36	waived (Katrina)	N/A	waived (Katrina)	N/A
\$39,198	28	100.8	4	95.9	19
\$36,978	44	82.8	28	88.8	49
\$42,632	10	82.2	31	98.3	9
\$35,791	54	81.1	34	96.8	14
\$36,747	45	97	10	95.9	20
\$45,355	2	102.6	2	99.5	5
\$38,263	37	92	15	97	13
\$38,583	34	108.2	1	95.9	18

state competition. Considering the variety of competitive situations facing the state’s individual school districts, a simplistic, cookie-cutter pay policy cannot be devised at the state level to deal effectively with them all. Each district should have the flexibility to structure its pay plan to best provide incentives geared to its needs.

TEACHER PAY, RECRUITMENT AND RETENTION

Pay traditionally has been considered a less important factor in the recruiting, hiring and retention of teachers than in many occupations, which do not share the aura of being a “calling.” However, it has become more of a factor in recent decades with the expansion of alternative opportunities for college trained individuals and particularly for women, who still make up the great majority of the teacher workforce.

According to the Teacher Advancement Program Foundation, barely one in 10 high school students expresses a strong interest in teaching today. Turnover in teaching is significantly higher than other careers, and students with high academic standing are twice as likely as their less academically able peers to leave the teaching profession. For those who want greater compensation, opportunities and responsibilities, the current teaching system only provides the option of leaving the classroom for the

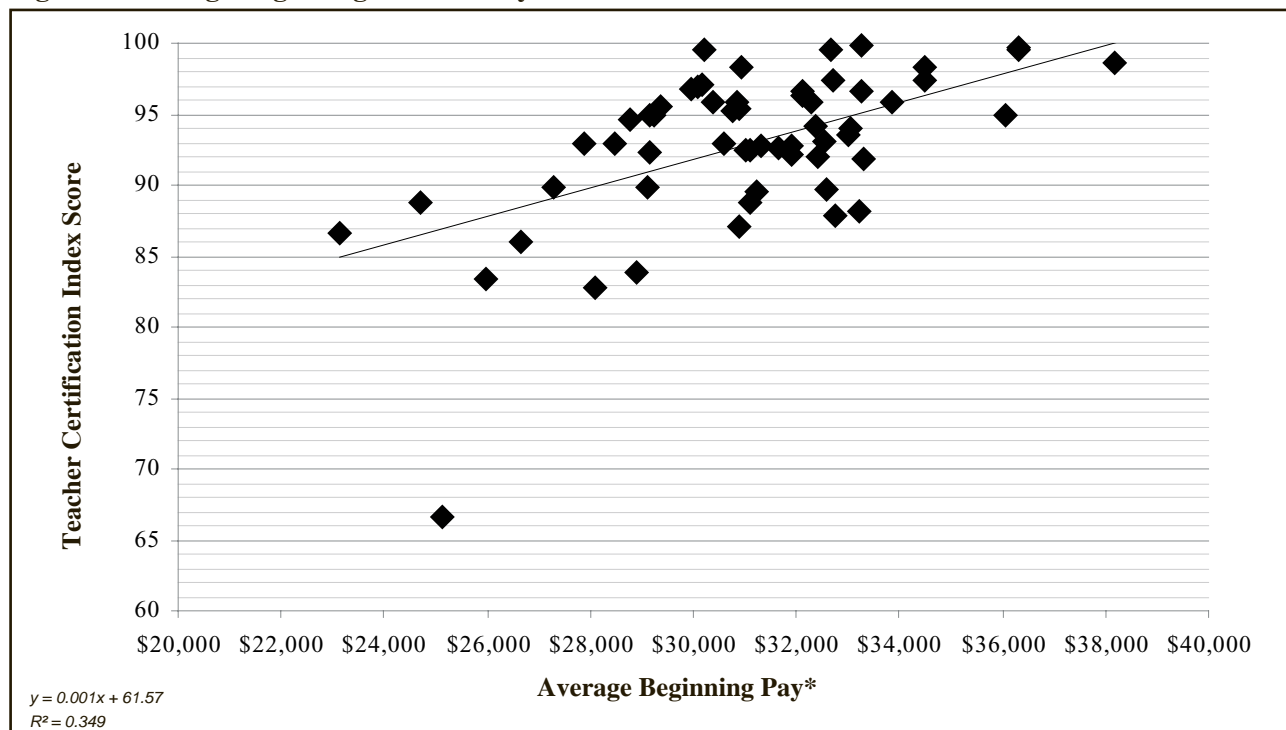
administrative ranks—or leaving education altogether. Essentially teaching is viewed as a “flat career.”

The beginning salary is obviously an important tool in recruitment. However, if the starting pay is high relative to the rest of the pay scale, the monetary incentives for retention may be weakened. An American Federation of Teachers (AFT) study ranked Louisiana’s starting salary 26th highest in the nation in 2003-04 and sixth highest as a percentage of the state’s average salary (80 percent). The national average was only 68 percent.

The same AFT study ranked Louisiana eighth highest in 2003-04 for beginning teacher salary as a percent of a state’s average private-sector earnings. This comparison, however, speaks more to Louisiana’s low average private-sector income level than to the level of teacher pay.

The No Child Left Behind Act of 2001 (NCLB) requires all states to provide a “highly qualified” teaching staff by the 2006-07 school year. Louisiana, more specifically, requires teachers to hold a valid teaching certificate and meet other criteria in order to satisfy the definition of “highly qualified.” The Louisiana Department of Education (LDE) assigns a teacher certification index score to each district. The index score is based on two measures—certification status of teachers in core classes in low-performing schools, and certification status of teachers in core classes

Figure 2. Average Beginning Teacher Pay and Teacher Certification Index Score



Source: Louisiana Department of Education, 2005-2006 Annual Teacher Salary Schedule and 2005-2006 District Accountability Report Card

* Average Beginning Pay includes bachelor’s degree, 0 years experience only

in all other schools. Certification labels of “unacceptable” (below 90.0), “marginal” (90.0 to 93.9), “adequate” (94.0 to 96.9) and “exceptional” (97.0 to 100.0) are given to schools based on their certification index score.

A low teacher certification index score may denote recruitment challenges within a district. There is a moderately positive relationship between average beginning teacher pay and the certified teacher index score in a district (see Figure 2). A logical assumption is that a district that offers better starting salaries can attract certified teachers more easily.

Table 2 presents the most recent teacher-retention data for Louisiana. Of the 3,699 teachers who began teaching in 1999-00, 43 percent had left the profession by 2002-03, although their reasons for leaving are not known. The LDE is expected to release new retention data in late 2007.

A 2003 study of national retention rates found that 86 percent of teachers remain after their first year of teaching, 76 percent after their second and 67 percent after their third year. Louisiana’s retention rates were significantly lower than national averages.

Teacher Pay and the Private Sector

A number of factors are considered in the decision to become or continue as a teacher. There are the intrinsic benefits, summer vacations, numerous holidays, health benefits and a good retirement plan. The pay is an important consideration, but these other factors tend to muddy the comparison with other private sector career options.

Teacher groups often compare annual salaries with those of other white-collar professionals to show that teachers are generally underpaid. This of course ignores the value of the time off. However, the free time is not particularly beneficial to the teacher who must find a part-time job to make it through the summer months.

Critics tend to use the same data to show that teachers are relatively well paid by putting the comparison on an hourly basis. Because teachers spend roughly two-thirds the number of hours at school as other white-collar workers spend at work in a year, their hourly rates appear relatively high. Of course, teachers would argue that hours spent in the classroom are not a full measure of the time they spend on the job.

A 2007 report by the Manhattan Institute (MI) examines teacher pay nationally, makes comparisons of hourly wages and appears to debunk the common assumption that teachers are poorly paid. The report found teachers were paid \$34.06 an hour on average in 2005, or 36 percent more than the average non-sales white-collar worker and 11 percent more than the average professional specialty and technical worker. The report found that public school teachers made 61 percent more than private sector teachers and that their hourly pay exceeded that of editors and reporters, architects, psychologists, chemists, mechanical engineers and economists.

The comparison with private sector teachers is interesting in that it can be viewed as a huge disconnect with the market or as an indication of the tremendous value private school teachers place on their relative working conditions. In addition, Louisiana teacher pay in 2005 did not exceed that for all of the occupations cited above from the MI report.

PAR estimates the average hourly wage for Louisiana teachers at \$29.52 for the 2004-05 school year. While districts vary substantially in the number of school days and required work hours, this calculation is based on weighted averages of 184.6 days worked and 7.16 paid hours for all teachers. This hourly rate assumes that teachers are not expected to grade papers or write lesson plans after school hours. Assuming as little as one-half an hour of home work would lower the effective hourly rate by nearly two dollars.

Table 4. Hourly Rates for Louisiana Occupations

Profession	LA Mean Hourly Rate	US Mean Hourly Rate
Engineer, Mechanical	\$35.41	\$32.91
Economist	\$34.61	\$38.35
Psychologist	\$32.08	\$33.53
Teacher	\$29.52*	\$34.06**
Chemist	\$29.12	\$29.43
Architect	\$26.41	\$31.84
Editor	\$20.88	\$23.65

Source: Louisiana Department of Labor, Occupational and Wage Data 2005

* PAR calculation based on school district reported data

**From “How Much are Public School Teachers Paid?” in Civic Report, Jan 2007

As shown in Table 4, the average hourly pay for Louisiana teachers is not out of line with that of occupations requiring similar educational preparation. However, while the average Louisiana teacher can expect to make about the same hourly rate as a chemist, persons choosing between the two fields must decide whether they prefer to live on an annual income of \$60,000 or on \$40,000 plus any part-time work they can find. It is quite possible that this choice has been part of the reason why 43 percent of new teachers leave Louisiana schools within three years.

TEACHER PAY AND STUDENT PERFORMANCE

It is logical to assume that a pay schedule with a higher starting salary and hefty increases for additional academic achievement and years of experience will attract and retain better applicants and encourage them to pursue additional schooling and degrees. These better teachers would be more effective in the classroom, resulting in a higher level of student performance. However, this logic is not necessarily reflected in reality (at least within the range of pay levels typically found in Louisiana).

The relationship between teacher pay and student performance is a weak one at best. Wealthier districts with better educated, high-income families tend to fund schools better and provide higher salaries for the teachers of their high-achieving children. Likewise, poor districts with lower-paid teachers may be dealing with less-motivated

students, less-supportive parents, more behavioral problems and other performance dulling factors.

Research has shown that graduate degrees and lengthier teaching experience have little positive impact on student performance for at least the first three years—in some cases, the relationship is inverse. Thus, using a pay scale that only provides incentives for further study or retention does little, if anything, to improve performance and may be counterproductive.

The reality is that using a pay system that provides equal step increases to all teachers and grants equal across-the-board raises to all teachers fails to differentiate between teachers who are performing well and those who are not. To the extent that pay motivates behavior, the good teacher has no reason to perform better than the poorest teacher.

Teacher Pay and District Performance

The LDE assigns a “performance score” to each district using the most current year of student test data and the prior year’s attendance and dropout data. Performance labels of “unacceptable” (below 60.0), “one star” (60.0 to 79.9), “two stars” (80.0 to 99.9), “three stars” (100.0 to 119.9), “four stars” (120.0 – 139.9) and “five stars” (140.0 and above) are given to schools based on their performance score. “Low-performing” schools are those with an unacceptable or a one star performance label (79.9 and below.)

Figure 3. Average Teacher Pay and District Performance Score

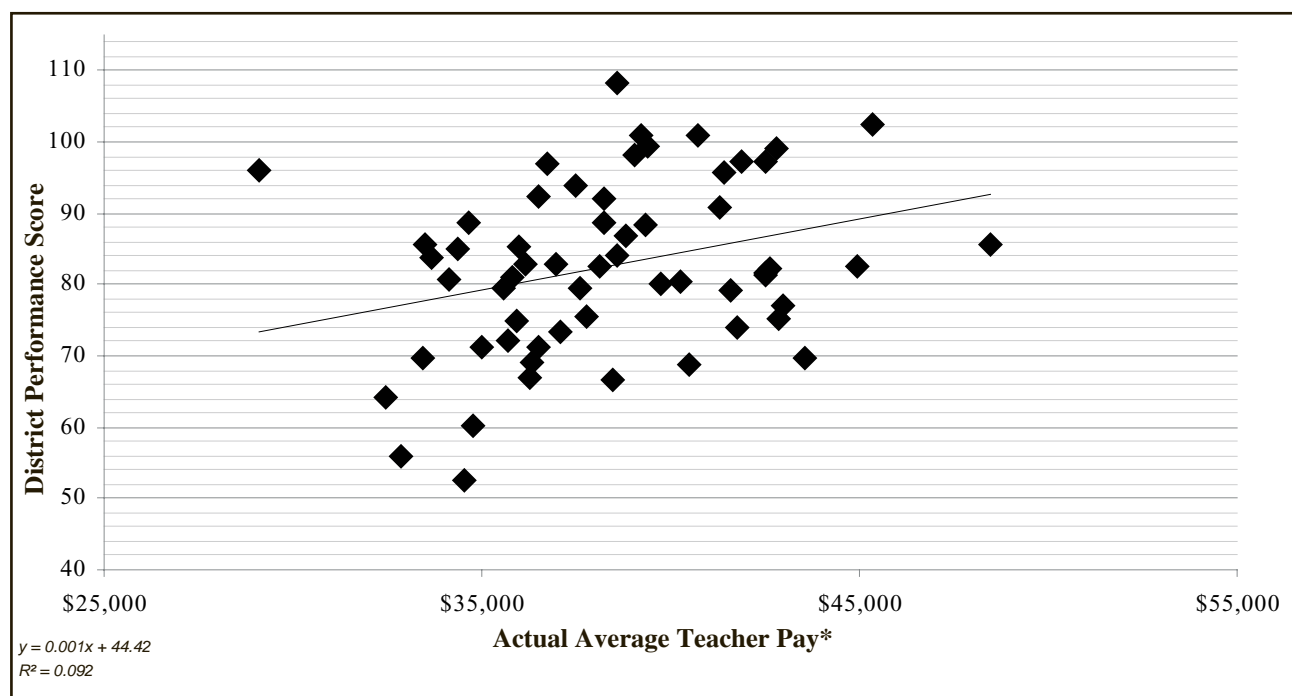
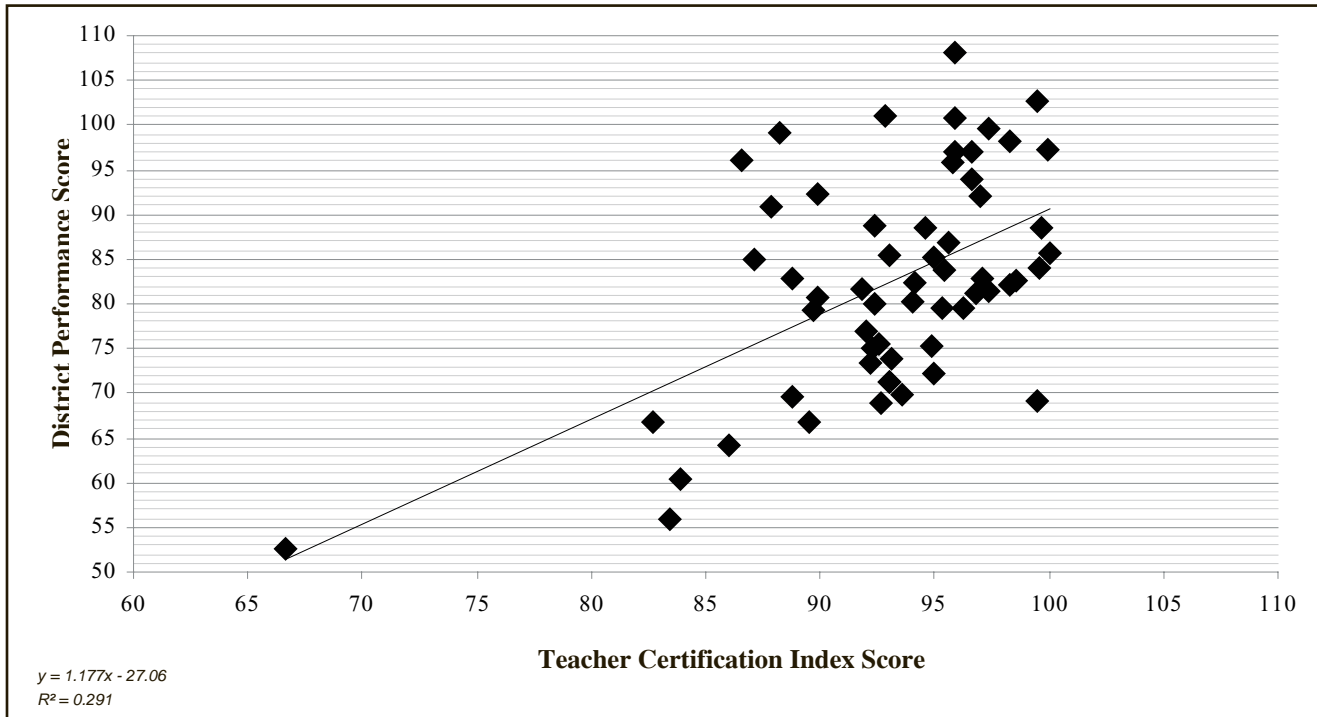


Figure 4. Teacher Certification Index Score and District Performance Score



Source: Louisiana Department of Education, 2005-2006 District Accountability Report Card

Figure 3 illustrates the weak relationship between average teacher salaries and student performance at the district level in Louisiana.

There is a slight tendency for higher salaries to be associated with higher performance scores. However, at each pay level there is a wide range of performance scores. In addition, there is no reason to assume a cause-and-effect relationship for the minor positive correlation that exists between pay and performance. Numerous socioeconomic factors likely would have a greater impact on district-wide student performance than would teacher pay.

Certified Teachers and District Performance

As shown in Figure 4, there is a moderate, positive relationship between a district's teacher certification index score and that district's student performance score. The five districts with the lowest teacher certification score also had the lowest performance scores. All were relatively poor districts with a non-white majority student population and all but one were rural parishes.

Although it apparently improves a district's chances, having a high teacher certification score does not guarantee a high performance score. Even districts with teacher certification scores near 100 (exceptional) had performance scores ranging from below 70 (low-performing) to 103.

Half of those districts were below the state average district performance score of 85.3.

Pay is important to teachers and some level of compensation must be achieved to maintain morale, attract applicants and retain them. However, there is little evidence that differences in pay, at least within the pay ranges available in Louisiana districts, have much effect on student performance. Perhaps it is due, in part, to the fact that the existing pay policies are not performance-based and thus fail to reward good performance regardless of the pay level.

ACROSS-THE-BOARD RAISES

Fixed-dollar, across-the-board teacher raises, granted and funded at the state level, provide a simple, understandable, politically attractive method that typically has been acceptable to, and even preferred by, most teacher organizations. There is even a ring of equality to the method. What is more equal than giving every teacher the same amount of money?

In the past decade, the Legislature has granted five across-the-board pay raises to certificated teachers and designated personnel. In some years teachers were given an initial raise amount, plus additional monies based on the number of teachers in each district. In other years, all teachers were given one flat amount (see Table 5).

Politicians enjoy taking credit for granting raises to teachers, who, together with their family and friends, make up a large group of influential voters. It is hard to take credit for a raise that is hidden in a funding formula. Granting a \$2,400 across-the-board raise is also far more dramatic than giving a 5 percent increase, even though the cost might be the same. In addition, it avoids complaints that higher-paid personnel are receiving larger raises, which is always the case with a percentage increase.

Ed.D.”) and years of experience (0 to 25 years). Each district is required to offer salaries that match or exceed the state Minimum Salary Schedule. All districts have exceeded the Minimum Salary Schedule since 1981.

In a typical salary schedule, district salaries rise about 1 percent to 1.5 percent for each year of employment during the first 15 years. From the 15th to the 25th year of employment, annual salary growth slows from 0.5 of a

Table 5. Teacher Pay Raises Granted by the Legislature, 1996 - 2006

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>2001-02</u>	<u>2006-07</u>
Pay Rise	\$750-\$1,200	\$1,000-\$1,400	\$800-\$1,500	\$2,060-\$2060	\$1,500-\$1,500
Average	\$953	\$1,191	\$1,097	\$ 2,060	\$1,500
Total State Distribution	\$60,199,998	\$79,999,453	\$72,984,712	\$137,436,556	\$96,044,542

Source: Louisiana Department of Education, Division of Education Finance

A common complaint of legislators has been that when local school districts have additional funds to spend at their own discretion, they find other uses than teacher salaries. Thus, beginning in 2001-02, the Legislature has required that at least one-half of the annual increase in the Minimum Foundation Program appropriation be spent on teacher salaries, regardless of what other expenditure needs the districts might have. This policy is credited for helping to close the gap with the SREB average. However, the five across-the-board raises in the past decade also have made a significant impact.

The primary perceived benefit of the across-the-board raise, the fact that it does not differentiate among recipients, is actually its major flaw. This type of raise entirely removes the pay decision from the hands of the local districts. It treats teachers in wealthy and poor districts the same and ignores any differences that might exist among the districts in terms of shortages or needs for recruitment and retention. Most importantly, it rewards effective and ineffective teachers identically and does not even acknowledge differences in the teachers’ educational achievement or years of experience.

While the across-the-board raise increases the pay scales of all districts, it also compresses the pay scales by narrowing the difference between the steps in the pay progression. Several such raises can diminish or remove any incentives that existed in the pay plan to further one’s education or even to remain in the profession.

Current Louisiana Pay Schedules

Louisiana teachers generally are paid according to a salary schedule (see Table 3), which allows pay increases based on education levels (from “Some College” to “Ph.D. or

percent to 1 percent in most districts. Further, districts pay between 1 percent and 10 percent more for a teacher with a master’s degree than with a bachelor’s degree, and 5 percent to 25 percent more for a teacher with a Ph.D. or an Ed.D.

In addition to the standard salary schedule amounts, many Louisiana districts offer their teachers supplemental pay from local revenues. In 2005-06, 33 of 68 districts offered supplemental pay amounts ranging from \$145 in Caddo to \$21,000 in Jackson. Revenue sources for the supplements included sales tax for 32 districts and property tax for 16 districts. Eleven districts also reported “other” revenue sources, such as general fund revenue (Beauregard, DeSoto, Iberia, Jefferson Davis, LaSalle, Rapides and St. Mary), interest revenue (Calcasieu and Cameron), oil and gas revenue (Vermillion), and ad valorem tax and mineral royalties (Terrebonne).

Twenty-six of the 33 districts offered across-the-board supplemental amounts, identical for all classroom teachers. Caddo and Monroe offered a pay range amount, based on available funds. East Feliciana, Morehouse and Vermillion offered supplements based on a percentage of a teacher’s salary. Iberville was the only district that tied its supplement to performance—up to \$670 per teacher based on school scores and individual teacher absences.

INCENTIVE PAY

In 1988, the SREB published benchmarks for its member states to reach by 2000. It stated that “salaries for teachers and faculty will be competitive in the marketplace, will reach important benchmarks and will be linked to performance measures and standards.” While Louisiana’s accountability program and the NCLB have required a

major expansion in the application of standards and measures, little has been done to link salaries to performance.

Recently, articles in a number of influential magazines have suggested that the time is ripe for a new look at merit pay, or the preferred term “performance pay,” for teachers. They acknowledge that the merit pay experiments of the 1980s were largely failed efforts, but argue that with the new emphasis on accountability, performance and measurement, a linkage with teacher pay is more realistic. They point optimistically to numerous new experiments and pilot projects across the country. The concept of performance pay also can be extended to include incentives designed to meet specific needs of the district or school.

A recent report by the Progressive Policy Institute lists “controversial” reforms needed to modernize the traditional pay schedule approach into pay policies that address current needs and treat teachers more like other professionals. These reforms include:

- higher pay or bonuses for taking difficult assignments
- paying more for certain disciplines
- paying for demonstrated knowledge and skills, rather than just degrees and years of experience
- tying rewards to student learning achieved by a teacher, group of teachers or school
- giving school leaders more authority to set teachers’ pay

These are common-sense elements typically found in private sector pay plans for professionals. Yet, in Louisiana’s schools, they are practically non-existent.

A new report by the Center for Teaching Quality promotes considerably higher “base-compensation” for all teachers and supplemental “career-compensation” for any teacher who improves student learning, attains relevant skills and knowledge, meets local market needs and demonstrates leadership. The report urges policy makers to give the schools and districts local flexibility to distribute incentive funds in ways that advance their specific learning goals.

Alternative Pay Initiatives in Louisiana

Louisiana has experimented with alternative pay incentives for teachers in the past.

The Louisiana **Professional Improvement Program** (PIP), discontinued since 1984, provided additional compensation for teachers who successfully completed a five-year professional improvement plan. The **Teach Louisiana First Program**, not funded since 2003-04, offered salary

boosts of \$4,000 and \$6,000 to teachers who committed to teach in under-resourced, “low-performing” schools. The **Critical Teacher Shortage Incentive Program**, also not funded at present, authorized payments of \$3,000 per year for the first four consecutive years, to each newly certified teacher who agreed to teach in a shortage area such as mathematics, biology or special education.

The Louisiana **Distinguished Educator Program** (DE), part of the Louisiana Accountability and Assessment Initiative, currently provides for incentives for a limited number of teachers who agree to assist “low-performing” schools. The Louisiana Teacher Assistance and Assessment Program (LaTAAP) provides grant allocations for every school system to compensate teachers who serve as mentors to other teachers. Louisiana teachers also receive a \$5,000 stipend for achieving their **National Board for Professional Teaching Certification** (NBPT).

In 2003, five Louisiana schools piloted an alternative pay model known as the **Teacher Advancement Program** (TAP), which provides incentives to teachers based on evaluations of teaching performance, added professional duties, and school and student growth figures. By 2005, 32 Louisiana schools in Calcasieu, East Baton Rouge, Jefferson, Caddo and Rapides had implemented TAP—along with 14 other states, five of which are SREB members (Arkansas, Florida, South Carolina, Tennessee and Texas). TAP’s merit pay approach, combined with intensive mentoring groups and career advancement for teachers, appears to be a valuable tool for recruitment and retention.

Louisiana TAP offered teachers an additional \$2,500 to \$7,000 a year to mentor other teachers and assume added professional duties. Performance bonuses were also offered for performance in the classroom. In 2004-05, Louisiana TAP teachers received performance bonus amounts ranging from \$190 to \$4,800.

A 2006 study by the TAP Foundation found that 70 percent of surveyed teachers believe that more effective teachers should be paid more, and only 14 percent prefer the current salary model over performance-based pay. In Calcasieu, 70 percent of the mentoring teachers in TAP schools left higher-performing, non-TAP schools, in order to take advantage of the program.

The TAP Foundation, now the National Institute for Excellence in Teaching (NIET), reported in 2007 that TAP teachers produce higher student achievement growth than similar teachers not in TAP schools. Further, more TAP schools outperformed similar non-TAP schools in producing an average year’s growth in both reading and

math achievement. Ninety-three percent of Louisiana TAP schools made their adequate yearly progress (AYP) goals in 2005-06, as compared to 85 percent of all Louisiana schools statewide.

The NIET estimates the “total incremental cost” of TAP ranges from \$150 to \$400 per student. According to the Louisiana Department of Education’s 2006 SIS Report, there are approximately 659,570 students in Louisiana public schools. The total incremental cost of TAP in Louisiana then, would range from \$98.9 million to \$263.8 million.

The Louisiana schools that have instituted TAP, have done so mostly with existing revenues. Some districts have redirected Title 1 funds for the program, while some schools have approached local businesses to foot the bill. Most recently, the Louisiana Department of Education (LDE) applied to the U.S. Department of Education for a substantial grant to serve as TAP startup monies in several Louisiana schools.

Alternative Pay Initiatives in other SREB States

Louisiana’s SREB counterparts have made efforts to develop effective incentive pay programs also.

Arkansas’ current alternative pay efforts include a new teacher sign-on bonus to reward those who work in “high-priority” districts, plus an additional retention bonus to continue working in that district for the next two years. A similar retention bonus is offered to veteran teachers who currently work in those districts.

Florida recently scrapped its **Special Teachers are Rewarded (STAR) Program** for the newer **Merit Award Program (MAP)**, which allows school districts to create an incentive plan for their teachers based on district needs. STAR was criticized for relying too heavily on standardized test scores and giving districts little time to devise additional evaluation measurements for teacher performance. MAP, unlike its predecessor, will grant incentives based not only on standardized testing but also will incorporate a teacher’s subject knowledge, classroom management and ability to meet student needs.

Georgia has implemented salary increases for hard-to-staff subjects, an additional bonus of 5 percent of salary based on student performance, a career ladder program where teachers can receive supplements in recognition of increased competency, and additional compensation for those who demonstrate “exemplary performance” at a school site.

Mississippi is offering additional base compensation beginning in July 2007, provided funds are available, for teachers employed in public school districts located in a “critical shortage” area as defined by the state. The state also offers rewards to certified teachers, administrators and non-licensed personnel at schools demonstrating improvement in test scores.

North Carolina allocated \$94 million to its **ABC’s of Public Education Program**, rewarding certified staff members with bonuses up to \$1,500 in schools that obtain “high growth” and \$750 to certified staff in schools that obtain “expected growth” but not high growth.

Texas now offers the **Educator Excellence Grant**, which provides \$100 million to 1,160 school districts for performance-based incentives. Performance incentives are granted according to locally developed plans, which are approved by the Commissioner of Education. Incentives are offered based on gains in student learning, collaboration with other faculty and staff resulting in student achievement, and willingness to serve in critical shortage areas and hard-to-staff schools. Texas also offers the **Governor’s Educator Excellence Grant**, which offers \$10 million for teachers who agree to work in “disadvantaged schools.”

Virginia piloted the **Model Incentive to Attract and Retain Teachers Program**. This pay model offers a one-time hiring incentive of \$15,000 to eligible teachers who agree to move to hard-to-staff middle or high schools, and commit to teaching for three years in those schools, participating in training the first year and mentoring other teachers the following two years. Additional bonuses of \$3,000 and a \$500 stipend are available to teachers who already are teaching in those schools. Participating schools receive \$150 per student the first year and \$200 the following year, as funding for the program. The Legislature agreed to provide partial funding for the third year, however only two of the original schools opted to participate. It is not known if the program will be continued for a fourth year. This Virginia model may, in fact, be an example of an incentive pay initiative that has failed to produce lasting change.

The newly established **National Center on Performance Incentives (NCPI)**, with a five-year, \$10 million grant from the U.S. Department of Education’s Institute of Education Sciences, is beginning the first national randomized study to examine incentive pay programs and their results. The study will concentrate on efforts in Nashville, across Texas, and two other locations not yet named. Specifically, the NCPI will seek to answer whether teachers behave differently when bonuses are offered,

whether student achievement improves and whether incentive programs ultimately draw a different mix of teachers into the profession.

In Nashville, approximately 297 teachers from 36 middle schools volunteered for the NCPI study. Participants will be randomly assigned to two groups, one that is “bonus-eligible” and one that is not. Bonuses are based on state exam, test-score gains that a teacher’s students achieve. Teachers in the bonus-eligible group qualify for amounts ranging from \$5,000 to \$15,000. The study is being underwritten by federal research funding and a local fund, the Nashville Alliance for Public Education. Results of the study will be released in 2011.

NCPI also will study the two grant programs underway in Texas and the effects that those models have on behavior, student achievement and labor force mix. Results of the Texas study are expected in 2009 and 2010.

INCENTIVE PAY TIED TO THE MFP

Louisiana’s current proposed teacher pay raise would be the sixth in a decade to be funded outside of the Minimum Foundation Program. As discussed above, a large part of the motivation for avoiding the MFP has been the desire to make sure that all teachers shared equally in the raises and that politicians could take credit for granting them. Legislators fear that local districts would divert some of the money to other purposes if the raises were funded simply by an increased appropriation through the MFP. But even more, they are troubled by the way the MFP would distribute the money among the districts.

The MFP often is derided as arcane and overly complicated. While the formula is not rocket science, it is necessarily somewhat complex. After all, the formula must determine an amount of state funding for each district that takes into account the number of students, the extra costs incurred for at-risk, special education, gifted and talented, and vocational students. It must adjust for the size of the district to account for economies of scale, and it must equalize funding to account for the differences in the districts’ tax bases and their tax effort. These adjustments are all intended to equalize funding allocations while meeting state policy priorities.

The MFP has been criticized as favoring some high-income districts, because it only equalizes on the property and sales tax bases and not income. Of course, the districts are constitutionally prevented from accessing the income tax base. Another criticism has been that the MFP does not adequately integrate teacher pay scales into the formula. Recent efforts to design replacement models dealing with

these issues have not reached fruition. Inter-district equity might further benefit from additional adjustments to the formula, and redesign efforts should be ongoing. However, the current MFP provides far greater equity than the version it replaced and is unlikely to be improved by a much simplified version. The simpler the formula, the fewer and less precise the equity adjustments.

Going off formula and providing across-the-board raises eliminates all equity adjustments. The equal payments account for differences in the number of teachers in each district but may perversely affect equity from a state funding perspective. If a wealthier district can afford lower pupil/teacher ratios and hires relatively more teachers, the state would be funding that district more heavily by paying across-the-board raises than by distributing the same total funding through the MFP. The opposite would occur in a poor district, with a relatively high tax effort and a high pupil/teacher ratio.

Figure 5 shows the percentage changes in district allocations if, instead of a \$2,400 across-the-board raise, the same statewide total for raises were distributed in proportion to the districts’ share of MFP (level one) funding. Low-paying districts would receive more money through the MFP method. Most, but not all, higher-paying districts would receive less. This would suggest that across-the-board raises tend to favor the better funded districts.

Table 6 presents estimates of the average teacher pay by district for 2007-08 that might result from the governor’s proposed pay plan. While the proposed \$2,400 raise would be a significant addition to the districts’ payrolls, nearly half of the districts would have even more from the half of their new MFP money that they would be required to use for salaries. The districts have discretion in how to use the MFP money for salaries, but it is expected that most will apply it to across-the-board raises.

The local flexibility that is lost using across-the-board raises could significantly affect the ability of some districts to experiment with incentive programs and performance-based pay models.

PAYING SUPPORT STAFF

The current \$2,400 across-the-board pay proposal applies to “certificated” personnel, which, in addition to teachers, includes administrators, librarians, counselors, nurses and other professional support positions. The non-certificated support—cafeteria workers, maintenance personnel, bus drivers, teacher aides, clerical workers, guards, etc.—typically are provided raises when certificated personnel

Table 6. Change in District Average Pay Under Governor and PAR Plans

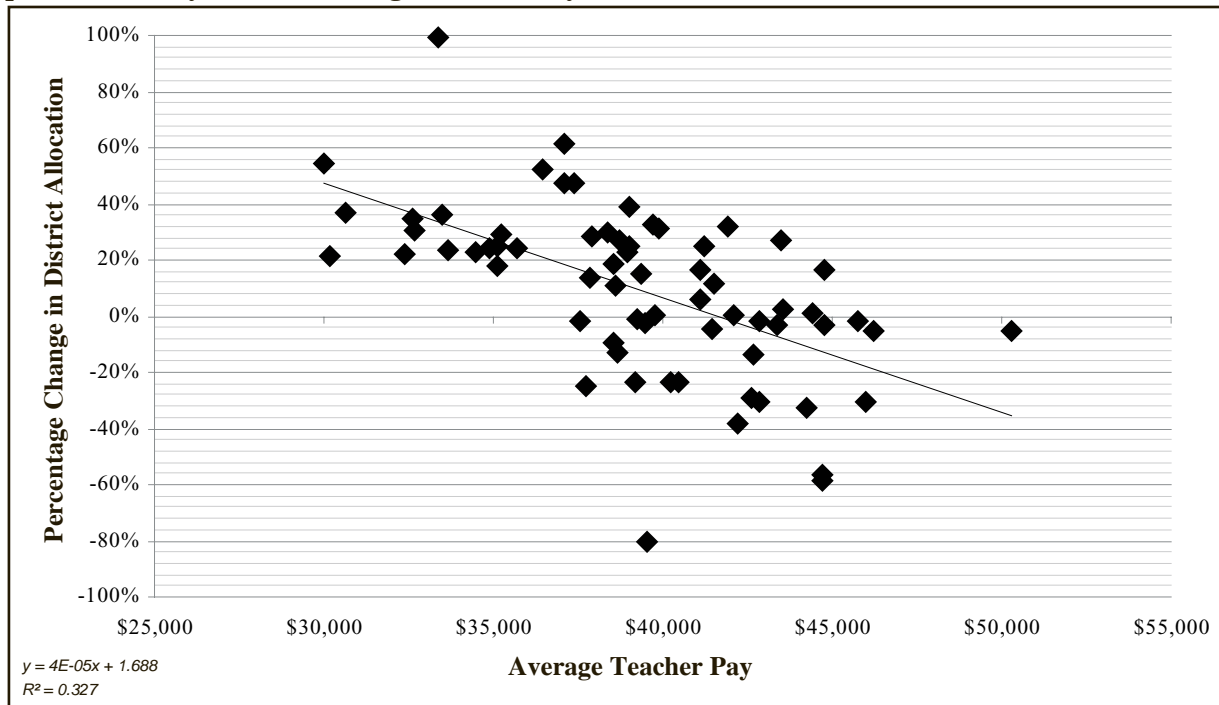
District	2006-07 Districts Actual Average Pay	Rank	2006-07 Teacher Head Count	\$2,400 Pay Raise to All Teachers in District	Pay Raise Allocated via 2007-08 MFP
JACKSON	\$50,286	1	151	\$362,229	\$342,001
ST. TAMMANY	\$46,221	2	2,572	\$6,172,800	\$5,845,788
ST. JAMES	\$45,967	3	317	\$761,845	\$529,659
ZACHARY COMMUNITY	\$45,774	4	247	\$592,000	\$582,825
WEBSTER	\$44,773	5	461	\$1,106,520	\$1,291,245
DESOTO	\$44,761	6	359	\$861,229	\$836,825
WEST FELICIANA	\$44,702	7	187	\$449,016	\$194,649
ST. CHARLES	\$44,695	8	781	\$1,874,400	\$774,864
ST. BERNARD	\$44,430	9	212	\$508,800	\$515,423
JEFFERSON	\$44,250	10	2,903	\$6,967,289	\$4,708,904
CADDO	\$43,520	12	2,837	\$6,808,800	\$6,956,597
JEFFERSON DAVIS	\$43,478	13	379	\$908,403	\$1,153,873
ASCENSION	\$43,388	14	1,206	\$2,894,400	\$2,798,430
EAST BATON ROUGE	\$42,847	15	3,216	\$7,717,882	\$5,348,886
ST. JOHN THE BAPTIST	\$42,834	16	495	\$1,188,000	\$1,164,361
CITY OF MONROE	\$42,700	17	602	\$1,445,978	\$1,244,995
LAFAYETTE	\$42,629	18	2,082	\$4,996,800	\$3,556,868
IBERVILLE	\$42,219	19	296	\$710,400	\$440,151
LINCOLN	\$42,106	20	460	\$1,104,000	\$1,108,254
LIVINGSTON	\$41,933	21	1,414	\$3,393,600	\$4,486,150
OUACHITA	\$41,484	22	1,263	\$3,031,200	\$3,386,165
BOSSIER	\$41,460	23	1,240	\$2,976,000	\$2,841,939
ST. MARTIN	\$41,216	24	541	\$1,298,400	\$1,622,430
IBERIA	\$41,115	25	1,024	\$2,457,600	\$2,599,843
VERNON	\$41,088	26	671	\$1,611,185	\$1,876,251
CAMERON	\$40,472	27	142	\$339,637	\$258,965
BIENVILLE	\$40,245	28	182	\$437,886	\$333,422
TANGIPAHOA	\$39,879	29	1,134	\$2,722,311	\$3,571,802
ST. MARY	\$39,762	30	703	\$1,687,117	\$1,692,608
UNION	\$39,735	31	184	\$441,019	\$583,414
PLAQUEMINES	\$39,535	32	271	\$650,400	\$126,001
VERMILION	\$39,469	33	629	\$1,509,635	\$1,475,547
ST. LANDRY	\$39,343	34	1,045	\$2,508,000	\$2,887,682
TERREBONNE	\$39,241	35	1,379	\$3,310,108	\$3,275,878
CALCASIEU	\$39,209	36	2,284	\$5,480,817	\$4,201,169
WASHINGTON	\$39,014	37	341	\$817,330	\$1,136,742
ACADIA	\$39,004	38	602	\$1,443,600	\$1,808,009
EVANGELINE	\$38,947	39	442	\$1,060,800	\$1,303,275
RED RIVER	\$38,726	40	111	\$267,480	\$338,847
POINTE COUPEE	\$38,667	41	186	\$445,768	\$388,793
ALLEN	\$38,588	42	330	\$792,000	\$880,856
MOREHOUSE	\$38,551	43	336	\$806,400	\$958,614
LAFOURCHE	\$38,528	44	1,090	\$2,616,401	\$2,374,985
CITY OF BAKER	\$38,349	45	149	\$356,400	\$461,806
ASSUMPTION	\$37,925	46	289	\$694,000	\$890,698
BEAUREGARD	\$37,842	47	411	\$987,514	\$1,119,314
WEST BATON ROUGE	\$37,745	48	249	\$597,600	\$449,645
RAPIDES	\$37,539	49	1,675	\$4,020,000	\$3,952,790
NATCHITOCHE	\$37,365	50	334	\$801,961	\$1,183,653
AVOYELLES	\$37,109	51	349	\$836,400	\$1,231,609
CITY OF BOGALUSA	\$37,086	52	155	\$372,000	\$599,484
GRANT	\$36,439	53	235	\$562,948	\$857,001
CONCORDIA	\$35,720	54	269	\$646,766	\$804,446
WEST CARROLL	\$35,230	55	158	\$379,403	\$489,540
CALDWELL	\$35,122	56	128	\$307,343	\$384,203
SABINE	\$35,093	57	301	\$722,400	\$852,545
LASALLE	\$34,910	58	175	\$420,000	\$522,272
CLAIBORNE	\$34,451	59	196	\$469,299	\$576,067
WINN	\$33,634	60	183	\$439,232	\$541,876
RICHLAND	\$33,490	61	224	\$537,038	\$729,724
ST. HELENA	\$33,369	62	72	\$172,200	\$343,207
EAST FELICIANA	\$32,691	63	160	\$383,506	\$501,869
EAST CARROLL	\$32,590	64	110	\$264,035	\$355,295
TENSAS	\$32,364	65	58	\$139,200	\$170,373
FRANKLIN	\$30,640	66	206	\$493,936	\$675,043
CATAHOULA	\$30,188	67	133	\$320,386	\$389,845
MADISON	\$29,984	68	129	\$309,569	\$478,266

Source: Louisiana Department of Education

Difference	Percent Change	Pay Raise Required from MFP	Governor's Plan	Rank	PAR Plan	Rank
\$ (20,228)	-6%	-	\$52,686	1	\$52,552	2
\$ (327,012)	-5%	-	\$48,621	2	\$48,494	4
\$ (232,186)	-30%	-	\$48,367	3	\$47,636	6
\$ (9,175)	-2%	-	\$48,174	4	\$48,136	5
\$184,725	17%	-	\$47,173	8	\$47,574	8
\$ (24,404)	-3%	-	\$47,161	9	\$47,093	9
\$ (254,367)	-57%	-	\$47,102	10	\$45,742	23
\$ (1,099,536)	-59%	-	\$47,095	11	\$45,687	24
\$6,623	1%	-	\$46,830	15	\$46,862	11
\$ (2,258,385)	-32%	-	\$46,650	17	\$45,872	22
\$147,797	2%	-	\$45,920	22	\$45,972	21
\$245,470	27%	-	\$45,878	23	\$46,527	15
\$ (95,970)	-3%	\$1,118	\$46,906	13	\$46,827	12
\$ (2,368,996)	-31%	-	\$45,247	27	\$44,510	34
\$ (23,639)	-2%	\$1,112	\$46,346	18	\$46,298	16
\$ (200,982)	-14%	\$2,285	\$47,385	7	\$47,051	10
\$ (1,439,932)	-29%	\$1,878	\$46,907	12	\$46,215	18
\$ (270,249)	-38%	\$2,898	\$47,517	6	\$46,604	13
\$4,254	0%	\$1,621	\$46,127	21	\$46,137	19
\$1,092,550	32%	\$2,505	\$46,838	14	\$47,611	7
\$354,965	12%	\$2,406	\$46,290	19	\$46,571	14
\$ (134,061)	-5%	\$1,576	\$45,436	24	\$45,328	28
\$324,030	25%	\$1,768	\$45,384	25	\$45,983	20
\$142,243	6%	\$1,834	\$45,349	26	\$45,488	26
\$265,066	16%	\$1,577	\$45,065	29	\$45,460	27
\$ (80,672)	-24%	-	\$42,872	46	\$42,302	49
\$ (104,464)	-24%	\$4,166	\$46,811	16	\$46,239	17
\$849,492	31%	\$2,607	\$44,886	31	\$45,635	25
\$5,490	0%	\$1,849	\$44,011	36	\$44,019	38
\$142,395	32%	\$5,743	\$47,878	5	\$48,653	3
\$ (524,399)	-81%	\$3,286	\$45,221	28	\$43,286	44
\$ (34,088)	-2%	\$1,044	\$42,913	45	\$42,859	45
\$379,682	15%	\$1,905	\$43,648	39	\$44,011	39
\$ (34,230)	-1%	\$958	\$42,599	47	\$42,574	47
\$ (1,279,648)	-23%	\$2,554	\$44,163	35	\$43,603	41
\$319,412	39%	\$2,559	\$43,973	37	\$44,910	31
\$364,409	25%	\$2,144	\$43,548	40	\$44,153	37
\$242,475	23%	\$2,591	\$43,938	38	\$44,487	35
\$71,367	27%	\$3,254	\$44,380	34	\$45,020	29
\$ (56,976)	-13%	\$3,864	\$44,931	30	\$44,624	33
\$88,856	11%	\$3,637	\$44,625	32	\$44,895	32
\$152,214	19%	\$3,588	\$44,539	33	\$44,992	30
\$ (241,416)	-9%	\$1,589	\$42,517	48	\$42,296	50
\$105,406	30%	\$2,756	\$43,505	41	\$44,215	36
\$196,698	28%	\$3,005	\$43,330	42	\$44,010	40
\$131,800	13%	\$2,855	\$43,097	44	\$43,417	43
\$ (147,955)	-25%	\$2,981	\$43,126	43	\$42,532	48
\$ (67,210)	-2%	\$1,308	\$41,247	52	\$41,207	55
\$381,692	48%	\$2,692	\$42,457	49	\$43,599	42
\$395,209	47%	\$2,079	\$41,588	50	\$42,722	46
\$227,484	61%	-	\$39,486	58	\$40,954	57
\$294,053	52%	\$1,509	\$40,348	56	\$41,602	53
\$157,679	24%	\$2,498	\$40,618	55	\$41,203	56
\$110,136	29%	\$3,564	\$41,194	53	\$41,890	52
\$76,860	25%	\$3,917	\$41,439	51	\$42,039	51
\$130,145	18%	\$2,296	\$39,789	57	\$40,222	58
\$102,272	24%	\$3,399	\$40,709	54	\$41,294	54
\$106,768	23%	\$2,199	\$39,050	60	\$39,596	60
\$102,644	23%	\$2,644	\$38,678	61	\$39,239	62
\$192,686	36%	\$3,345	\$39,235	59	\$40,096	59
\$171,007	99%	-	\$35,769	68	\$38,153	66
\$118,363	31%	\$3,042	\$38,133	63	\$38,873	64
\$91,260	35%	\$3,555	\$38,545	62	\$39,374	61
\$31,173	22%	\$3,134	\$37,898	64	\$38,435	65
\$181,107	37%	\$3,182	\$36,222	66	\$37,102	67
\$69,459	22%	\$3,360	\$35,948	67	\$36,468	68
\$168,696	54%	\$5,305	\$37,689	65	\$38,997	63

Governor's Plan = (Average Pay 2006-07) + \$2,400 (required pay raise from added MFP); PAR Plan = (Average Pay 2006-07) + \$2,400 + Pay raise allocated via MFP

Figure 5. Percentage Difference in District Allocation Using MFP Instead of \$2,400 per Teacher, by District Average Teacher Pay



Source: Louisiana Department of Education, End of Year 2005-2006 PEP Report and PAR Calculation

are, although at a much lower amount. In the current proposal, these school employees would receive a flat rate of \$750 per person.

The traditional pay scale with bumps for experience with the occasional across-the-board or percentage raise makes more sense for non-certificated support workers than it does for certificated personnel. These school employees have a lesser range in pay, there are limited career ladders, and there is no relationship to student performance that can be used to evaluate job performance.

While across-the-board raises are more defensible for school employees than for certificated employees, they create the same inter-district equity issues as do teacher raises. A district with relatively more employees gets relatively more money. Wealthier districts get the same amount per employee as much poorer ones. Tying the allocation of funding for raises to the districts' shares of MFP funding would produce the same effects as shown in Figure 5 for teacher raises. Districts with low teacher pay would get more and those with high teacher pay would generally get less than if all school employees were simply given \$750 each.

Louisiana has a long tradition of the state micro-managing school employees' pay and working conditions, particularly for bus drivers. This state involvement has reduced local flexibility to set pay and work policies or to contract with private service providers. For example, state law prohibits

disbursing any state money to a private, for-profit, supplier or provider of school lunch programs.

Data on school employee pay nationally or among the SREB states are simply not reported in a manner to allow comparisons with Louisiana. However, Louisiana support staff pay can be compared to similar private sector occupations in the state. The Louisiana Occupational and Wage Data for 2005 provide annual salary averages for food-servers, city bus drivers, janitors, general clerical workers and administrative assistants. When compared to their private sector occupational counterparts, the school support positions appear, on average, to be compensated fairly similarly (see Figure 6). The difference in school and private bus driver pay may be explained by the obvious differences in work schedules and time at the wheel.

Local school districts currently do not have full flexibility in determining pay and work policies for their school support staff. Given sufficient flexibility, the districts could even out-source the problem of making these decisions by contracting with private firms to provide some or all of the support services.

CONCLUSIONS AND RECOMMENDATIONS

The proposed teacher pay increases, if enacted, represent a significant commitment of the state to fund the key ingredient in the system of public education. The raises will benefit all teachers, improve morale, heighten a sense of

professionalism, and perhaps generally help to attract and retain teachers. However, the manner in which these raises are being given does little to address a variety of specific issues affecting different local districts. It should not be assumed that by achieving the long-sought SREB average goal the state will have conquered its teacher pay problems.

With the exception of the relatively small equalizing affect of the raises required by low-paying districts from their extra MFP funds, the major across-the-board pay increase will leave a wide range in pay across the state, with 51 of the 68 districts still falling below the SREB average. The proposal does not specifically target teacher shortages that might exist in certain types of schools, districts or academic areas. And, more importantly, it does nothing to provide rewards or incentives for effective teacher performance. Highly effective and mediocre teachers will receive the same raises.

In fact, the state’s entire teacher pay policy is nearly merit free. While the state’s accountability system is closely measuring student performance with relatively harsh consequences for those who fail to meet the standards, no real effort has been made to tie teacher pay to student performance. A minor awards program has allowed teachers in some high-performing schools to share in a school award (again distributed equally). However, unlike Tennessee, Louisiana still has no data system for tracking student performance and tying it to individual teachers. The Louisiana Blue Ribbon Commission recently has begun collecting data that links student achievement to individual teachers for the purpose of evaluating teacher preparation programs. Those data should have broader applications and the results are expected to be released in late 2007.

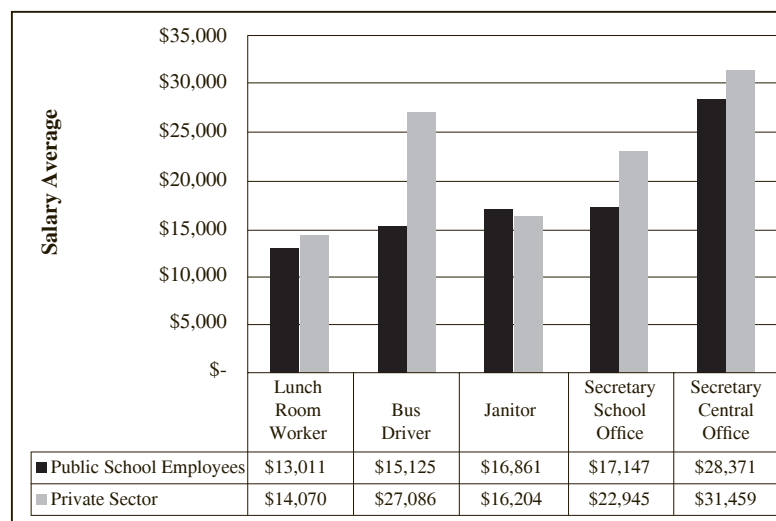
With the recent ascendancy of accountability programs across the country, a growing interest in developing merit or performance-based pay plans has resulted in a wide range of innovative pilot programs to test different strategies. Experts in the field are quick to acknowledge that there is currently no magic solution or “best practice” for dealing with teacher pay issues. Louisiana would do well to allow its districts greater flexibility to experiment with various pay-for-performance models like the TAP program.

Recommendation 1: Rather than grant an across-the-board teacher raise, the state should distribute the same statewide total amount to the districts in the same proportion that they receive state MFP funding. The districts should develop incentive pay programs that include pay for performance, teaching in shortage areas or other factors that meet local district needs.

Spreading the full \$158 million around, in the form of an across-the-board pay raise, is a short-sighted approach that fails to promote long-term education reform in the state. A targeted approach to the spending should be adopted no matter how much the Legislature ultimately decides to spend on teacher pay increases. Tying the funding to the MFP is a more equitable approach for distribution and allows the local districts the flexibility needed to address their unique teacher quality and shortage needs.

It is quite likely that given the opportunity to choose, however, most districts would end up granting across-the-board raises. Therefore, the districts should be required to submit locally developed incentive pay plans for approval by the LDE prior to allocation of their additional compensation funding. Teacher incentive pay plans should

Figure 6. School and Private Sector Employee Pay in Louisi-



Source: Louisiana Department of Labor, Occupational and Wage Data 2005

include options for additional compensation for any or all of the following criteria:

- Student test scores
- Student growth measures
- Appropriate coursework
- Low teacher absenteeism
- Hard-to-staff subjects (math, science)
- Hard-to-staff schools (high poverty, challenging students, urban/rural areas)

The TAP program offers a balanced model of pressure on and support for teachers, which may be a good fit for many districts. However, some may have needs outside of the pay options in TAP.

Recommendation 2: The Louisiana Department of Education (LDE) should encourage and support local pay-for-performance innovations and experiments by assisting in program design, establishing the necessary databases and providing research and current data on teacher shortages, turnover, retention and other information relevant to pay policies. A system for tying individual student performance to individual teachers is an essential element.

Most school districts do not have the staff to develop sophisticated pay-for-performance models. However, there are many models developed elsewhere that the LDE could assist in finding and adapting for use in these smaller districts. Legislation could authorize a variety of alternatives, without limiting districts to those alternatives, and provide additional funding to help implement them.

Recommendation 3: In funding raises for non-professional school support workers, the state should appropriate the proposed \$35 million to the school districts in proportion to their shares of MFP funding. The districts should have discretion as to how the raises are granted.

While across-the-board raises are an acceptable method of providing raises for support workers, the state's funding should be allocated among the school districts on an equitable basis. Tying the distribution to the district MFP shares would provide equalization without penalizing a district that has private contracts for services. The district also should have the flexibility to provide different levels of raises for some categories that might be relatively underpaid or hard to fill.

Recommendation 4: The state should eliminate any legal impediments that may discourage local school districts from considering and bidding out private contracts for school support services.

Bidding out contracts with private firms to provide guard, maintenance and cafeteria services would allow the district to avoid the whole question of appropriate pay. The marketplace would determine it through the bidding process. The Legislature might provide some guidelines such as requiring the bidding companies to provide health insurance and some type of retirement plan for their employees. However, any legislative mandates, rules or prohibitions that limit a district's discretion regarding privatization of support services should be removed.

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