Washington Research Council

Policy Brief

PB 99:19
April 9, 1999

Generous Pay Raises for Teachers

BRIEFLY

The Legislature is poised to give large pay hikes to teachers.

Claims that teachers have lost 15.5 percent to inflation since 1992 are not accurate.

Teachers are likely to be the big winners this session. The danger is that they will not acknowledge their victory.

Gov. Locke's initial budget proposal would have given teachers 2 percent pay raises in each year of the upcoming biennium. Since then, legislators have been falling over each other in an effort to do better than this.

House Republicans propose raises of from 5.9 percent to 10.4 percent over the biennium, with the largest percentage going to beginning teachers. House Democrats offer from 7.9 percent to 12.2 percent. Senate Republicans would increase salaries 6 to 16 percent.

Gov. Locke embraced the House Democrat's proposal. The Senate Democrats have yet to release their plan.

A pay boost is needed so our schools can recruit and retain quality teachers. With low raises in recent years and a booming economy, turnover has increased.

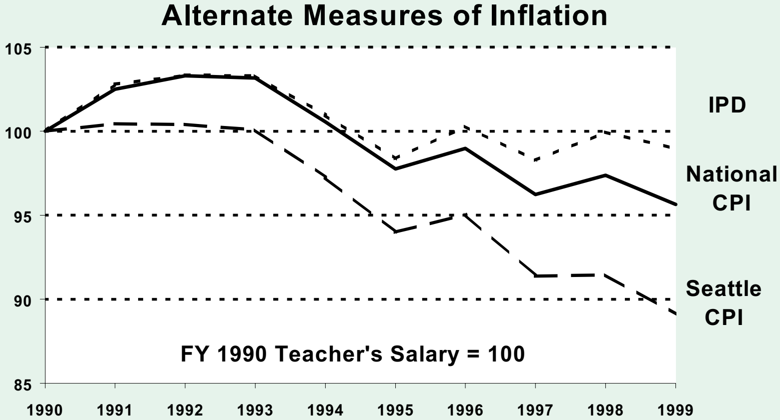
The teachers' union claims that state teacher salaries have lost 15.5 percent to inflation since 1992. A more accurate figure is 6 percent. But teachers have embraced the 15.5 percent figure and threatened to strike if the Legislature gives them less.

Teachers' base salary and inflation.

There are three significant components of teacher compensation: base salary, supplemental contracts, and benefits.

The state sets a salary schedule that is used to allocate funds to school districts. Under this schedule, teacher pay is an increasing function of education and experience. Although school districts have some flexibility, most follow the state schedule.

Teachers' Salaries Adjusted by Three Alternate Measures of Inflation



Source: WRC calculation

Pay goes up by more than 3.2 percent for each year of experience, to a maximum of 8 years for a teacher with a BA degree and 15 years for one with an MA. For 1998-99, salaries range from $22,950 for a teacher with a BA and no experience to $48,141 for a teacher with a PhD and 15 years of experience.

The legislature has boosted the basic schedule five times in the 1990s: 8.1 percent in 1990, 4 percent in 1991, 3 percent in 1992, 4 percent in 1995, and 3 percent in 1997. Increases in the schedule have not keep pace with inflation over the decade. But the magnitude of the shortfall depends on the measure of inflation consulted.

The broadest measure of consumer price inflation is the implicit price deflator for personal consumption expenditures (IPD), calculated by the Department of Commerce's Bureau of Economic Analysis. This index is used to calculate the Initiative 601 spending limit.

The Research Council believes that the IPD is the best measure available.

A second measure is the Consumer Price Index for Urban Consumers (CPI), published by the Department of Labor's Bureau of Labor Statistics (BLS). Most economists believe the CPI overstates inflation 0.8 to 1.6 percent per year.

A third measure is the BLS's Consumer Price Index for Urban Consumers in the Seattle Metro Area (Seattle CPI). This suffers from the same overstatement bias as the national CPI, and from small sample size as well. The BLS recommends against using city CPIs for escalator clauses in contracts.

The chart shows the evolution of the starting base salary for a teacher with a BA degree adjusted by the three measures of inflation. Measured by the IPD, the basic salary lost 1 percent of its value over the period; by the national CPI 4.4 percent; by the Seattle CPI 10.9 percent.

Using the Seattle CPI, the teachers' union has calculated that it would require a 15.5 percent increase in teachers salaries for the 1999-2000 school year for real salaries to equal the 1992-93 values. Using the IPD, the needed increase would be only 6 percent.

Supplemental contracts and benefits.

In addition to the basic salary, teachers often receive money from supplemental contracts. School districts use supplemental contracts to compensate teachers for putting in extra time and assuming additional responsibilities, or to provide teachers with special incentives. Funding sources include federal and state grants and local property tax levies.

A January 1997 report by the Joint Legislative Audit and Review Committee examined the role of supplemental contracts. In 1995-96, 93 percent of instructional staff received income from supplemental contracts. The average income for instructional staff from supplemental contracts was $3,593.

The National Education Association (NEA) provides interstate surveys of teacher salaries. Preliminary results from the survey for 1998-99 show Washington's average salary to be $38,862. This average placed Washington 22nd highest among the fifty states, although it was 3.9 percent below the national average. The survey for the 1995-96 ranked Washington's average salary 16th highest and 0.8 percent above the national average.

However, these rankings include neither income from supplemental contracts nor the value of employee benefits.

A survey by the U.S. Department of Education provides more comprehensive information on compensation. It shows that for 1995-96, the most recent year for which data are available, the average salary for instructional staff in Washington was $41,205, which was 11.3 percent above the national average and ranked the state 10th . The average value of benefits for Washington was $12,323, which was 25.7 percent above the national average and ranked the state 11th. The state ranked 12th in the combined value of salary and benefits.

The NEA and Department of Education surveys are not strictly comparable since the latter's instructional staff includes teacher aids as well as teachers. Nevertheless, the numbers from the Department of Education suggest that the NEA survey's omission of supplemental contracts and benefits biases the comparison of Washington with other states.