3 Staffing and Salaries

SUMMARY

The growth in K-12 spending during the 1990s was used, in part, to increase the number of teachers and pupil support staff. While individual teachers may have received salary increases in excess of inflation, statewide average teacher salaries did not keep pace with inflation. Inflation-adjusted average salaries declined 4 percent due to salary schedules lagging slightly behind inflation. The hiring of new teachers at lower salaries to accommodate enrollment growth and reduce elementary class sizes also contributed to this decline.

In recent years, there has been much attention focused on two aspects of school district finances: class size and teacher salaries. Over the last few years, the Legislature has provided additional revenue to help districts reduce class size.[1] During the 1999 session, legislators also held several discussions regarding teacher salaries and their relationship with district revenues and expenditures. Reports of salary settlements over the past eight years have suggested that teacher salaries and benefits are increasing faster than inflation. Observers have often interpreted these settlement reports to indicate that additional education funding has been primarily used to increase teacher salaries and benefits, not classroom resources.

This chapter examines how salaries and fringe benefits for teachers and other licensed staff have changed between 1989 and 1999. We also examine whether the growth in K-12 spending has been used to increase the number of teachers and other licensed staff in public school districts. Throughout this chapter, our discussion is confined to licensed staff because reliable statewide data on other types of staff are not available.[2] This chapter addresses the following questions:

- **How has the number of licensed staff and teachers per student changed over the past ten years?**

- **How have average salaries for licensed staff and teachers changed over the past ten years? How have fringe benefits changed over this time period?**

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1 Minn. Stat. §126C.12. A district is required to reserve a portion of its general education revenue to "reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average."

2 Licensed staff include teachers, librarians, guidance counselors, psychologists, social workers, nurses, superintendents, assistant superintendents, principals, assistant principals, supervisors, coordinators, and other administrators. Nonlicensed staff include teacher aides, custodians, bus drivers, clerical staff, food service workers, and others.

- **To what extent are salaries putting pressure on school district expenditures?**

To answer these questions, we analyzed staff and salary data from the Minnesota Department of Children, Families and Learning, the Minnesota School Boards Association, and Education Minnesota.

BACKGROUND

When discussing school district staff and salary trends it is important to recognize that, in 1999, 88 percent of licensed staff were teachers. As a result, overall licensed staff and salary trends largely mimic those for teachers. In order to better understand this chapter, it is useful to first discuss how teacher salaries are determined and examine the difference between reported teacher settlements and actual school district payroll costs.

Teacher Salaries

A teacher's salary increases with additional training and years of experience.

Individual teacher salaries in Minnesota are generally determined by a district *salary schedule* or *grid* and are based on a teacher's years of experience and level of training. Each school district has a salary grid that is arrived at through negotiations with the teachers' union. Teacher salaries increase as years of experience and the level of training (determined by the number of educational credits earned) increase.[3]

There are two ways to analyze changes in teacher salaries over time. One method is to look at how the schedule as a whole has shifted between years by comparing the salary for a specific cell in one year to the salary for that same cell in another year. Although this method will not illustrate how a specific teacher's salary has changed, it will show how the average starting teacher's salary has changed. The second method is to follow specific teachers through their careers and analyze how their salaries have changed over time. For example, a starting teacher with a Bachelor's degree would be in the BA lane, step one in 1989. In 10 years, this teacher would be at step 11, and may have earned some additional educational credits and thus moved to a higher-paying lane. In this chapter, we use both of these methods to examine teacher salaries.

Salary Settlements

People frequently compare the percentage increase in teacher salary and benefit settlements with the percentage increase in education revenues using data on settlements from either the Minnesota School Boards Association (MSBA) or Education Minnesota. Table 3.1 lists the settlements MSBA and Education

3 Each year of experience is commonly referred to as a *step*, while each level of training is commonly referred to as a *lane*. The intersection of a step (a specified number of years of experience) and a lane (a specified level of training) is commonly referred to as a *cell*. These terms will be used throughout the remainder of this chapter.

Table 3.1: Percentage Change in Teacher Salary and Benefits Packages, 1989-99

	Salary and Benefits		
Biennium	MSBA	Education Minnesota	CPI
1989-91	10.2%	11.2%	10.3%
1991-93	8.7	8.8	6.1
1993-95	6.7	7.2	5.4
1995-97	7.4	7.9	5.6
1997-99	8.9	9.0	3.2

NOTE: MSBA is the Minnesota School Boards Association. The CPI is based on the Bureau of Labor Statistics, Consumer Price Index for Urban Wage Earners, U.S. City Average, not seasonally adjusted. MSBA and Education Minnesota use slightly different criteria for calculating salary and benefits packages.

SOURCE: Office of the Legislative Auditor's analysis of Minnesota School Boards Association and Education Minnesota data.

Contract settlement data do not provide a good measure of the increase in school district payroll costs.

Minnesota reported for the past ten years. This comparison often suggests that salary and fringe benefit costs are increasing faster than both revenues and inflation. This comparison is, however, somewhat misleading because the salary and benefit settlement data do not provide a good measure of the percentage increase in salary and fringe benefit payroll costs for districts. Salary settlements are generally reported to include increases to the salary schedule, increases in benefits, and the step and lane changes expected to occur given the existing staff at the time of the settlement.[4] The data provide a reasonable measure of how much the average teacher's salary and benefit package will increase if all teachers in the prior year return for the next two years. However, because of retirements and other turnover, we found that:

- **The increase in salary and benefit costs for a district is generally less than the salary settlement data indicate.**

For example, a report that a school district settled for a 3 percent increase for each year of the biennium means that the costs associated with the increase in the schedule as a whole, plus the increase each current teacher experiences due to step and lane increases and any increase in benefits, are 3 percent more this year than the previous year. The 3 percent really serves as a "worst-case scenario" for the district in terms of expected payroll costs. Before the next school year, it is likely that some teachers will retire and others will simply leave the district. When the district hires teachers to replace those that left, they often hire teachers with less training and fewer years of experience. As a result, the district's payroll costs are less than the original 3 percent settlement estimate because the teachers with less experience cost the district less than the teachers that retired. It should also be pointed out that the portion of the increase due to step and lane increases would

4 MSBA and Education Minnesota use slightly different criteria for calculating average salary and benefit packages. MSBA includes social security and teachers retirement contributions, while Education Minnesota does not. MSBA also includes increases associated with expected step and lane changes, while Education Minnesota only includes step changes. Finally, Education Minnesota weights average salaries by the number of employees in the school district, while MSBA does not.

have occurred under the terms of the old contract, even if the schedule as a whole had not increased.[5]

The reporting of salary settlements often leads to misunderstandings and concerns regarding how much districts are spending on teacher salaries. This chapter addresses some of these concerns by examining the changes in teacher salaries from several different angles. In this chapter, we look at both how an individual teacher's salary has changed over the last ten years and how the average salary paid by a school district has changed over the same time period. However, in order to better understand salary changes between 1989 and 1999, it is useful to first look at how staffing has changed over this time period.

STAFFING TRENDS

During the 1990s, the number of licensed staff grew faster than enrollment.

When discussing school district finances, considerable attention is focused on the number of students per classroom or alternatively the number of staff per student in a school or district. We found that:

- **The number of licensed staff per 1,000 students increased by 8 percent between 1989 and 1999.[6]**

Put another way, the number of licensed staff in Minnesota grew 26 percent between 1989 and 1999, while fall headcount enrollment grew only 17 percent. Figure 3.1 illustrates the average number of licensed staff per 1,000 students for 1989 through 1999. The figure shows that the growth in licensed staff occurred primarily in the last three years.

Table 3.2 shows how the number of licensed staff per 1,000 students changed between 1989 and 1999 for five categories of licensed staff. As noted earlier, in 1999 almost 88 percent of licensed staff were teachers. Six percent were pupil support personnel, 5 percent were administrators, and 1 percent were supervisors or coordinators.

Table 3.2 shows that the number of supervisors and coordinators per 1,000 students, which include vocational and special education supervisors as well as coordinators and evaluators, increased 30 percent between 1989 and 1999. However, the number of administrators per student decreased 5 percent during the same time period. As a result, administrative and supervisory positions per student as a whole saw no change between 1989 and 1999. The number of pupil support service providers per student, which include guidance counselors, psychologists, social workers, nurses, and library/media specialists, increased 9 percent between 1989 and 1999. However, the increase in social workers

5 In contrast, when the state of Minnesota reports contract settlements with its unions, it includes only the percentage increase in its salary grid, not the increases due to step increases of employees or higher health insurance premiums.

6 This calculation is based on headcounts of students. Weighting fall enrollment as average daily membership (ADM) is weighted in funding formulas to calculate pupil units does not significantly change the trends in staffing ratios. If fall enrollment is weighted by grade level using the 1999 weights, licensed staff per 1,000 students increased 6 percent between fiscal years 1989 and 1999.

The growth in the staff-student ratio occurred primarily in the last three years.

Figure 3.1: Licensed Staff per 1,000 Students, 1989-99

NOTE: The data only include public school licensed staff.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

Table 3.2: Licensed Staff per 1,000 Students, 1989-99

Licensed Staff Category	1989	1999	Percentage Change 1989-99
Administrators[a]	3.84	3.65	-5%
Supervisors/Coordinators	0.66	0.86	30
Subtotal	4.50	4.51	0%
Pupil Support	4.03	4.38	9
Teachers	58.46	63.13	8
All Licensed Staff	67.00	72.01	8%

NOTE: Data are for public school licensed staff only and do not include nonlicensed, private school, or charter school staff.

[a]Administrators include superintendents, assistant superintendents, principals, assistant principals, directors, and other administrators.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

accounts for nearly all of this growth. Psychologists and nurses also increased during this time period while guidance counselors and library/media specialists decreased. The increase in social workers may be linked to the changes in the composition of K-12 enrollment that we noted in Chapter 1.

Similar to the increase in the number of licensed staff per student, we found that:

- **The number of teachers per 1,000 students increased by 8 percent between 1989 and 1999.**

This also appears to be a recent trend, beginning in 1997. The data presented in Table 3.2 suggest that the increase in the number of teachers and licensed staff per 1,000 students is at least partially responsible for the increase in expenditures per student discussed in Chapter 2.

School districts have hired more teachers for elementary grades.

Additional data suggest that increased education funding has probably gone into classroom instruction for kindergarten and other elementary grades. Between 1989 and 1999, the number of kindergarten teachers increased 23 percent while kindergarten enrollment dropped 2 percent. Similarly, the number of elementary teachers increased 24 percent while elementary enrollment grew only 11 percent during this time period. It is unclear how teacher-student ratios have changed at the secondary level.[7]

District Variation

Corresponding to these statewide trends:

- **Over 75 percent of districts had increases in both the number of licensed staff and the number of teachers per 1,000 students between 1989 and 1999.**

However, some types of districts were more likely to have experienced a decrease in staffing ratios than the average district. Table 3.3 indicates that smaller districts were more likely than larger districts to have a decrease in licensed staff per 1,000 students over the past ten years. Among districts that did not consolidate between 1989 and 1999, 26 percent of those districts with less than 2,000 students had a decrease in licensed staff per 1,000 students. Only 12 percent of those districts with over 2,000 students had a similar decrease. Overall though, a majority of both small and large districts saw increases in their staff ratios. Figure 3.2 illustrates the percentage change in staffing ratios between 1989 and 1999 for all Minnesota public school districts. Although there does not seem to be a strong geographical pattern, it appears that districts in outstate Minnesota were more likely to experience a decrease in their staff ratios than districts in the Twin Cities metropolitan area. We also found that:

- **Districts that consolidated in the last ten years were more likely than other districts to have experienced a decrease in the number of licensed staff and teachers per 1,000 students.**

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7 Available data do not permit us to calculate how much elementary teacher-student ratios have changed, but they clearly have increased. The problem with available data is that staffing data include middle school teachers as a separate category, but enrollment data on middle school students are not available. Middle schools include students at both elementary and secondary grade levels. Secondary teacher-student ratios may have either increased or decreased depending on how the secondary share of middle school students and teachers has changed.

Table 3.3: Changes in Licensed Staff by District Size and Location, 1989-99

Consolidated districts were more likely to have experienced decreases in the staff-student ratio.

		Percentage of Districts Whose Licensed Staff per Student:	
Consolidated Districts[a]	*N*	Decreased	Increased
Outstate Minnesota, 2,000 or More Students	3	33%	67%
Outstate Minnesota, 1,000 to 1,999 Students	36	44	56
Outstate Minnesota, 500 to 999 Students	18	39	61
Outstate Minnesota, Less Than 500 Students	7	29	71
All Consolidated Districts	64	41%	59%
All Other Districts			
Minneapolis and St. Paul	2	0%	100%
Twin Cities Area, 5,000 or More Students	23	4	96
Twin Cities Area, Less Than 5,000 Students	23	22	78
Outstate Minnesota, 2,000 or More Students	45	11	89
Outstate Minnesota, 1,000 to 1,999 Students	53	15	85
Outstate Minnesota, 500 to 999 Students	61	33	67
Outstate Minnesota, Less Than 500 Students	77	27	73
All Other Districts	284	21%	79%

[a]Consolidated districts are those that consolidated between 1989 and 1999.

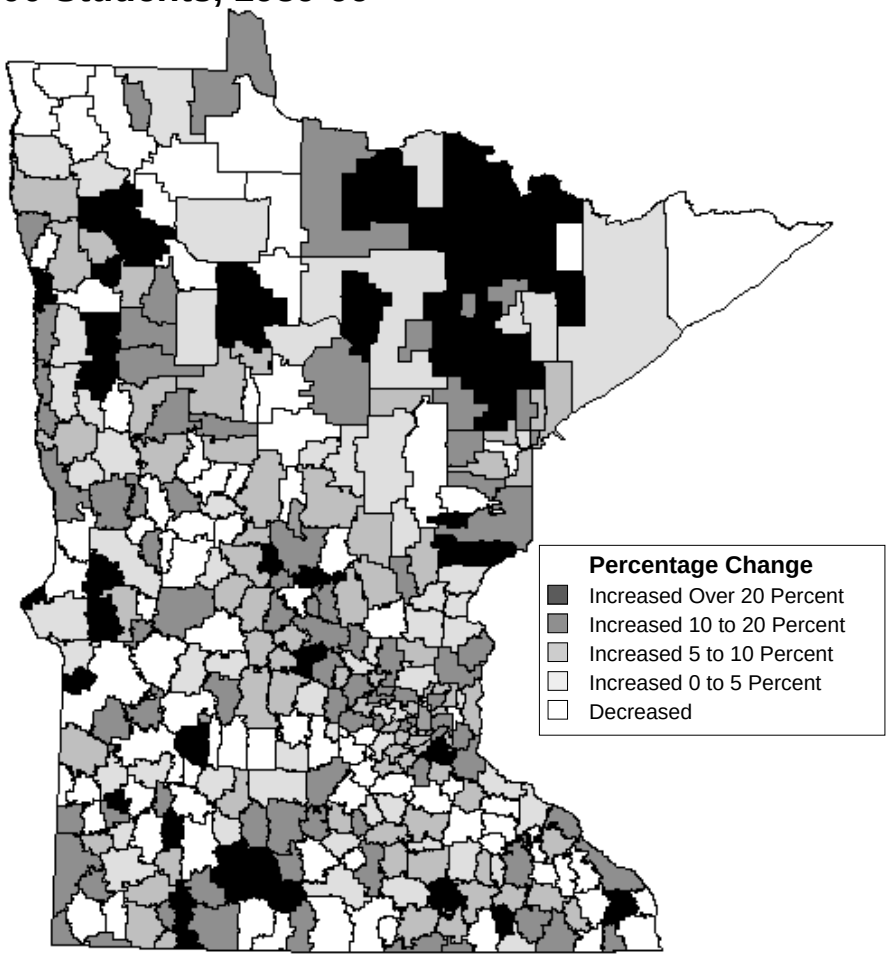
SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

Table 3.3 shows that 41 percent of consolidated districts experienced a decrease in the number of licensed staff per 1,000 students. In contrast, only 21 percent of other districts experienced such decreases. Similarly, 42 percent of consolidated districts experienced a decrease in the number of teachers per 1,000 students, while only 21 percent of other districts experienced a decrease.

It is not surprising that consolidated districts were more likely to experience decreases in the number of licensed staff and teachers per 1,000 students. Part of the reasoning behind consolidation is that small districts will achieve greater economies of scale if they can join together to form one larger district. Besides the obvious savings of only needing one superintendent instead of two, additional savings may come through merging classes and restructuring the district.

Overall, these findings indicate that most districts have used at least part of the additional education funding to increase the number of licensed staff and teachers during the 1990s. The remainder of this chapter examines the extent to which salaries have changed over this same time period.

Figure 3.2: Percentage Change in Licensed Staff per 1,000 Students, 1989-99



SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

SALARY TRENDS

Average teacher salaries have declined relative to inflation.

As noted in Chapter 2, salaries and benefits comprise approximately 75 percent of public school districts' general fund expenditures. As a result, when discussing school district finances, salaries often come under scrutiny. We found that:

- **Inflation-adjusted average salaries for licensed staff decreased 4 percent between 1989 and 1999.**

As presented in Table 3.4, statewide average teacher salaries decreased 4 percent, average salaries for administrators increased 3 percent, average salaries for supervisors decreased 13 percent, and pupil support salaries decreased 5 percent over the same time period. The decline in average licensed salaries is largely due to declining average teacher salaries. As we discuss below, average teacher salaries have fallen even though many individual teachers have had increases

Table 3.4: Statewide Licensed Staff Average Salaries (in 1999 Dollars), 1989-99

Licensed Staff Category	1989	1999	Percentage Change 1989-99
Administrators	$63,889	$65,811	3%
Supervisors/Coordinators	53,329	46,488	-13
Pupil Support	45,136	42,826	-5
All Teachers	41,150	39,552	-4
All Licensed Staff	$42,815	$41,163	-4%

NOTE: Salaries are for public school licensed staff only and do not include nonlicensed, private school, or charter school staff.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

exceeding inflation. There are two reasons for the decline in average salaries. First, changes in the composition of the teaching staff led to a larger number of less experienced and thus lower paid staff. Second, teacher salary schedules have not kept pace with inflation. In the rest of this section, we discuss the factors affecting salary trends in more detail.

Staff Composition

The decline in average teacher salaries is due in part to the hiring of new teachers at the low end of the pay scale.

We found that:

- **In 1999, teachers were on average less experienced but had slightly more training than teachers in 1989.**

As illustrated in Table 3.5, the percentage of beginning teachers (those with less than ten years of experience) increased between 1989 and 1999. Specifically, the percentage of teachers with less than 10 years of experience increased from 23 percent in 1989 to 38 percent in 1999. In contrast, the percentage of teachers with between 10 and 19 years of experience decreased from 36 percent in 1989 to 23 percent in 1999. At the same time, there was a small increase in the level of training teachers had acquired. The percentage of teachers with a Master's degree increased, while the percentage of those with only a Bachelor's degree decreased.

Due to enrollment increases and a statewide emphasis on improving teacher-student ratios, Minnesota schools hired a large number of teachers between 1989 and 1999. The data presented in Table 3.5 indicate that this growth in the number of teachers largely came through the hiring of teachers with less experience and thus lower salaries. The increase in the number of lower-paid teachers likely contributed to the decrease in average teacher salaries.

Table 3.5: Teacher Distribution by Training and Experience, 1989 and 1999

	1989 Training Level				
Years of Experience	BA < 30	BA 30+	MA < 30	MA 30+	Total
Less than 10 Years	15.8%	3.8%	2.9%	0.8%	23.3%
10 to 19 Years	9.3	13.1	8.0	5.9	36.3
20 Years or More	4.6	14.6	7.6	13.6	40.4
Total	29.7%	31.4%	18.5%	20.4%	100.0%

	1999 Training Level				
Years of Experience	BA < 30	BA 30+	MA < 30	MA 30+	Total
Less than 10 Years	20.6%	7.4%	7.5%	3.0%	38.4%
10 to 19 Years	4.7	6.7	6.1	5.7	23.2
20 Years or More	3.0	13.5	6.4	15.6	38.4
Total	28.3%	27.6%	19.9%	24.2%	100.0%

NOTE: BA<30 = Bachelor's degree and less than 30 additional credits; BA 30+ = Bachelor's degree and 30 or more additional credits. MA<30 = Master's degree and less than 30 additional credits; MA 30+ = Master's degree and 30 or more additional credits.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

Teacher Salary Schedules

The decline in average salaries is also due to teacher salary schedules lagging a little behind inflation.

The second reason that average salaries have decreased 4 percent over the last 10 years is because:

- **Between 1989 and 1999, teacher salary schedules have generally not kept pace with inflation.**

Table 3.6 shows the percentage change in inflation-adjusted teacher salaries between fiscal years 1989 and 1999 for different levels of training and experience. Overall, the salary schedule declined 2 percent in inflation-adjusted dollars. Almost all combinations of training and experience had a decrease in inflation-adjusted salary between 1989 and 1999. The only exceptions are those teachers with a Master's degree and additional training credits, with less than 20 years of experience, who saw small increases between 1989 and 1999. It is interesting to note that in general, across all levels of training, average inflation-adjusted salaries for teachers with over 20 years of experience decreased the most between 1989 and 1999.[8] However, individual cells in the salary grid may have had larger declines in average inflation-adjusted salaries. For example, in 1989, an average beginning teacher with a Bachelor's degree and no additional training earned $27,334 in inflation-adjusted dollars. In 1999, an average beginning teacher with only a Bachelor's degree earned $25,793 – a decrease of almost 6 percent over the 10-year period.

8 These findings are based on our analysis of CFL data. However, data from the Minnesota School Boards Association and Education Minnesota corroborate these findings.

Table 3.6: Percentage Change in Average Teacher Salaries, 1989–99

	Training				
Years of Experience	BA < 30	BA 30+	MA < 30	MA 30+	Total
Less Than 10 Years	-2.7%	-0.1%	-0.2%	0.2%	-1.8%
10 to 19 Years	-1.6	-2.5	0.6	0.7	-1.0
20 or More Years	-2.2	-5.9	-3.3	-2.5	-3.8
Total	-2.3%	-4.0%	-1.3%	-1.5%	-2.4%

NOTE: Data are based on the percentage change in inflation-adjusted average teacher salaries between fiscal years 1989 and 1999. BA <30 = Bachelor's degree and less than 30 additional credits; BA 30+ = Bachelor's degree and 30 or more additional credits. MA <30 = Master's degree and less than 30 additional credits; MA 30+ = Master's degree and 30 or more additional credits.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

Individual Teacher Salaries

Despite the decline in average salaries, many individual teachers received increases in excess of inflation.

Although average teacher salaries have not kept pace with inflation, we found that:

- **Between 1989 and 1999, many individual teachers saw their salaries increase faster than inflation.**

For the most part, the increase in inflation-adjusted salaries that individual teachers experienced between 1989 and 1999 is a result of their movement through the steps (years of experience) and lanes (educational credits). As illustrated in Table 3.7, an average beginning teacher with a Bachelor's degree and no additional training credits in 1989 earned $27,334 in 1999 dollars (bordered with a thick line). That teacher would be at step 11 in 1999 with a salary of $33,469, a 22 percent increase over that time period. If that teacher had earned a Master's degree during those ten years, her salary would be $41,686, a 53 percent increase from its 1989 level.

Table 3.7 illustrates other salary changes an average teacher might experience between fiscal years 1989 and 1999 taking into account step and lane changes. For example, in 1989 a teacher in her fourth year with a Bachelor's degree and 30 additional credits earned $31,818 in 1999 dollars (bordered with a dashed line). That teacher would be at step 14 in 1999 with a salary of $38,266, a 20 percent increase over the 10-year time period. If that teacher earned a Master's degree or a Master's degree and 60 additional credits, that teacher would have received salary increases totaling 39 or 64 percent respectively. Finally, a teacher at step 9 with a Master's degree in 1989 earned $38,057 in 1999 dollars (bordered with a double line). That teacher would be at step 19 in 1999. If the teacher did not earn any additional educational credits, her salary would have increased 18 percent over that 10-year time period. If this teacher earned 60 additional education credits, she would have received increases totaling 44 percent.

The data presented in Table 3.7 suggest that most teachers have experienced substantial increases in salary, regardless of how average teacher salaries have

Table 3.7: Individual Teacher Salary Changes, 1989–99

	1989 Statewide Average Salaries Adjusted for Inflation					
Years of Experience	BA	BA+30	BA+60	MA	MA+30	MA+60
1	$27,334	$30,435	$32,847	$32,623	$35,323	$41,475
2	28,120	31,032	33,723	33,775	36,845	43,942
3	28,814	31,374	33,938	34,250	37,058	38,567
4	29,353	31,818	38,365	35,764	40,367	39,661
5	29,933	32,503	36,928	34,974	39,160	40,121
6	30,384	33,077	36,068	35,840	45,468	43,758
7	31,086	33,590	35,982	36,534	38,753	43,115
8	31,324	34,148	37,716	37,635	40,106	45,435
9	32,061	34,714	39,306	38,057	42,668	44,390
10	32,731	35,098	38,917	38,664	42,915	45,419
11	33,279	35,965	40,999	39,003	42,345	46,060
12	33,945	36,691	41,304	40,569	43,265	48,109
13	35,110	38,037	43,351	41,417	45,385	47,255
14	35,381	38,892	43,860	43,267	46,352	48,717
15	36,109	39,280	44,772	43,925	47,910	52,959
16	35,789	40,289	46,088	45,371	47,129	53,546
17	36,499	40,562	46,475	45,861	49,747	55,857
18	36,643	40,702	47,179	46,536	50,542	56,071
19	37,440	41,111	48,750	46,635	50,119	57,381
20+	38,551	41,930	49,759	48,051	51,153	58,463
Average	$31,341	$38,846	$47,587	$43,586	$49,285	$57,042

	1999 Statewide Average Salaries					
Years of Experience	BA	BA+30	BA+60	MA	MA+30	MA+60
1	$25,793	$28,031	$30,489	$30,136	$32,113	$33,368
2	26,755	29,930	31,429	32,140	33,886	37,663
3	27,369	30,212	33,711	33,017	34,600	38,202
4	28,542	31,725	36,643	34,350	39,407	43,828
5	28,855	31,234	36,541	34,939	38,286	41,505
6	29,867	32,268	36,477	36,259	39,922	44,217
7	31,010	33,642	38,605	37,077	40,710	43,554
8	31,616	34,231	39,916	38,174	41,057	46,494
9	31,851	35,086	39,710	39,647	42,043	46,027
10	32,436	35,167	40,840	40,405	44,611	47,144
11	33,469	36,094	42,564	41,686	45,322	50,144
12	33,705	36,403	41,996	43,019	47,091	50,567
13	34,396	37,717	42,856	42,782	47,728	51,569
14	34,259	38,266	43,238	44,117	48,257	52,273
15	35,119	38,302	45,043	43,844	47,688	53,353
16	34,623	38,641	44,353	44,239	49,410	53,450
17	35,315	38,931	44,667	44,589	48,469	54,243
18	36,323	39,617	44,667	44,723	48,781	54,332
19	36,214	39,434	44,921	44,943	49,501	54,986
20+	37,447	40,686	47,504	46,551	49,497	56,821
Average	$30,446	$37,909	$45,768	$43,106	$48,497	$55,736

NOTE: Step 20+ is an average of the salaries above 20 years of experience. Districts vary in how many steps are listed in their salary schedule. In fiscal year 1999, districts had from 7 to 40 steps in their salary schedules.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

performed. However, those teachers with a significant number of years of experience in fiscal year 1989 may not have received as large of an increase in salary as did other teachers over the ten-year period. As teachers reach higher levels of experience, the percentage increase in salary is likely to be lower because they are at or near the maximum salary level in a given lane. In addition, some districts' schedules have fewer than ten steps, so teachers with under ten years of experience could be at the maximum salary level in their lane. Teachers at the highest step only receive salary increases due to lane shifts, shifts in the schedule as a whole, or other negotiated items such as lump-sum longevity pay.

There are legitimate policy questions about the basis for setting teacher salaries.

Despite the fact that average teacher salaries have decreased and teacher-student ratios have increased over the last ten years, there are legitimate policy questions regarding the structure of salary schedules and their effect on individual teachers' salaries. Policy makers have raised questions regarding the salary increases individual teachers have received in many districts. Concerns largely focus on the structure of the salary schedule that rewards teachers for years of experience and number of educational credits rather than performance in the classroom or demonstrated skills. At the same time, the low level of starting teachers' salaries has caused concern. Policy makers and district officials alike have commented that low salaries for beginning teachers have made it more difficult to attract people to the field of teaching. As discussed earlier, salaries for average beginning teachers have decreased 6 percent in inflation-adjusted dollars between 1989 and 1999.

District Variation

We found that:

- **Although the average inflation-adjusted salary for licensed staff decreased statewide, over half of all Minnesota school districts experienced an increase in average licensed staff salaries between 1989 and 1999.**

Table 3.8 shows that 57 percent of all districts experienced an increase in average licensed staff salaries between 1989 and 1999 after adjusting for inflation. However, most of these districts were small districts with less than 2,000 students, employing 36 percent of all licensed staff in the state. Average salaries in larger school districts were more likely to decrease, perhaps because they hired more new teachers. As a result, average salaries decreased for the state as a whole. We also found that:

- **After adjusting for inflation, consolidated districts were more likely to have experienced increases in average salaries for licensed staff between 1989 and 1999.**

Table 3.8 also shows that 81 percent of consolidated districts experienced an increase in inflation-adjusted average salaries for licensed staff between 1989 and 1999. Only 52 percent of other districts experienced similar increases in average salaries for licensed staff. This finding is not surprising since districts that consolidate often "level-up" staff salaries. That is, if the consolidating districts

Table 3.8: Changes in Average Licensed Staff Salaries by District Size and Location, 1989 - 99

		Percentage of Districts that Had Licensed Staff Salaries	
Consolidated Districts[a]	*N*	Decrease	Increase
Outstate Minnesota, 2,000 or More Students	3	33%	67%
Outstate Minnesota, 1,000 to 1,999 Students	36	22	78
Outstate Minnesota, 500 to 999 Students	18	17	83
Outstate Minnesota, Less Than 500 Students	7	0	100
All Consolidated Districts	64	19%	81%
All Other Districts			
Minneapolis and St. Paul	2	100%	0%
Twin Cities Area, 5,000 or More Students	23	70	30
Twin Cities Area, Less Than 5,000 Students	23	65	35
Outstate Minnesota, 2,000 or More Students	45	49	51
Outstate Minnesota, 1,000 to 1,999 Students	53	47	53
Outstate Minnesota, 500 to 999 Students	61	41	59
Outstate Minnesota, Less Than 500 Students	77	42	58
All Other Districts	284	48%	52%
All Districts			
Minneapolis and St. Paul	2	100%	0%
Twin Cities Area, 5,000 or More Students	23	70	30
Twin Cities Area, Less Than 5,000 Students	23	65	35
Outstate Minnesota, 2,000 or More Students	48	48	52
Outstate Minnesota, 1,000 to 1,999 Students	89	37	63
Outstate Minnesota, 500 to 999 Students	79	35	65
Outstate Minnesota, Less Than 500 Students	84	38	62
All Districts	348	43%	57%

[a]Consolidated districts are those that consolidated between 1989 and 1999.

SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

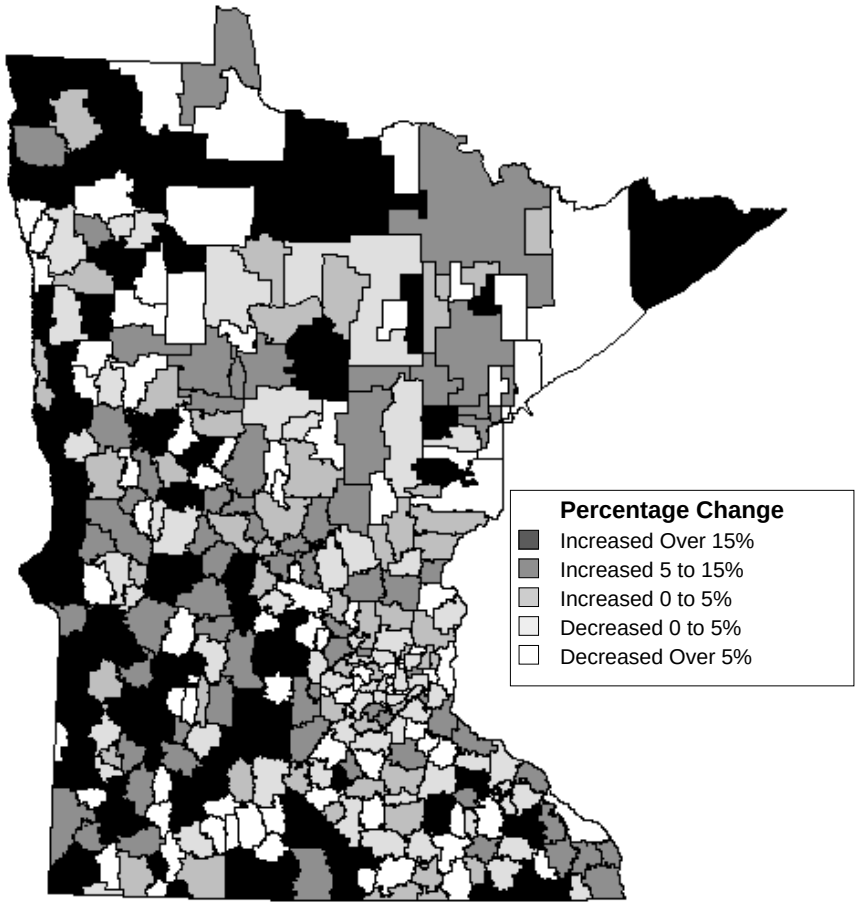
have different salary ranges, the staff with the lower salaries will often receive an increase to make salaries more uniform across the newly consolidated district.

Finally, Figure 3.3 illustrates the percentage change in inflation-adjusted average salaries for licensed staff between 1989 and 1999 for all Minnesota public school districts. The figure indicates that large increases in average licensed staff salaries occurred primarily outside the Twin Cities metropolitan area.

In sum, although licensed staff salaries do not appear to have put a strain on school district expenditures statewide, it is possible that individual districts have experienced some financial pressure. The findings discussed above imply that smaller districts and consolidated districts are more likely than others to have had increases in average salaries and decreases in staff-student ratios between 1989 and 1999. However, a majority of both of these types of districts experienced an increase in the number of licensed staff per 1,000 students during this time period.

Average salaries decreased in most Twin Cities area districts but increased in most outstate districts during the 1990s.

Figure 3.3: Percentage Change in Average Inflation-Adjusted Salaries for Licensed Staff, 1989-99



SOURCE: Office of the Legislative Auditor's analysis of Children, Families & Learning data.

FRINGE BENEFITS

We found that:

- **Between 1989 and 1999, average health insurance costs increased significantly.**

As indicated in Table 3.9, the average health insurance premium increased 66 percent between 1989 and 1999, after adjusting for inflation. During this period, school districts have decreased the percentage of the premium for family coverage that they pay, from 77 percent in 1989 to 64 percent in 1999. Districts have also decreased the percentage of the single coverage premium that they pay.

Table 3.9: Health Insurance Costs, 1989–99

	1989	1999	Percentage Change 1989-99
Total Health Insurance Premium			
Single	$ 1,445	$ 2,403	66%
Family	3,774	6,267	66
Amount Paid by District			
Single	$ 1,457	$ 2,339	61%
Family	2,892	3,998	38
Percent Paid by District			
Single[a]	101%	97%	-4%
Family	77	64	-17
Percent of Districts Providing			
Life Insurance	67%	79%	18%
Long-Term Disability	66	72	9
Single Dental	35	42	20
Family Dental	27	N/A	

NOTE: 1989 costs are presented in 1999 inflation-adjusted dollars.

[a]A number of districts provide their employees a lump-sum amount to cover health insurance. Several of these districts allow their employees to keep any of this money not used for health costs. This may explain how districts paid 101% of the single coverage health insurance premium.

SOURCE: Office of the Legislative Auditor's analysis of data provided by the Minnesota School Boards Association, *Licensed Salaries and Related Information,*1988-89 and 1998-99.

Health insurance costs increased significantly during the 1990s.

Nevertheless, the annual health insurance premium for family coverage paid by school districts, in inflation-adjusted dollars, increased from $2,892 in fiscal year 1989 to $3,998 in 1999, a 38 percent increase. In addition, more districts provided life, disability, and dental insurance in 1999 than in 1989.

SUMMARY

We found little statewide evidence to suggest that salary and benefit increases have caused districts to reduce the size of their staff. In fact, the number of teachers per 1,000 students statewide increased 8 percent between 1989 and 1999, while the number of pupil support staff increased 9 percent during this same time period. The data suggest that growth in teacher-student ratios has taken place in kindergarten and other elementary grades. We also found that average teacher salaries, adjusted for inflation, decreased 4 percent over the past ten years. This is due in part to salary schedules not keeping pace with inflation and in part to the hiring of new teachers as enrollment increased and districts tried to improve their staff-student ratios. Statewide, salaries do not appear to be putting pressure on school district expenditures even though many individual teachers have received salary increases larger than inflation based upon their years of experience and level of training.

Although average salaries decreased on a statewide basis over the past ten years, it is possible that individual districts have experienced financial pressures caused by salary and benefit settlements. Districts that are hiring few new teachers and experiencing few retirements are more likely to be adversely affected, particularly if they attempt to keep pace with settlements in other districts.

Finally, despite the decrease in average salaries over the last ten years, there is a legitimate policy question regarding the structure of salary schedules and individual teachers' salaries. Most existing salary schedules reward teachers based on years of experience and level of training, not performance in the classroom or demonstrated skills. Declining salaries for beginning teachers also pose a potential problem. They may adversely affect the number and quality of applicants for teaching positions.