

III. TEACHER COMPENSATION

BACKGROUND – TEACHER SALARIES

Teacher pay is often viewed as a major factor in attracting qualified people into the profession. According to the American Federation of Teachers' *2004 Survey & Analysis of Teacher Salary Trends*, the national average teacher salary for the 2003-2004 school year was \$46,597. Connecticut reported the highest average salary at \$56,516, and South Dakota reported the lowest average salary at \$33,236. In that same report, Nevada's \$43,211 average earned it a ranking of 22 among the 50 states and the District of Columbia. The National Education Association's *Fall 2005 Ranking & Estimates* ranks Nevada as 25th for the 2004-2005 School Year.

With increasing frequency, states and school districts are using financial incentives as part of a comprehensive recruitment strategy for teachers. According to the Education Commission of the States, the most common incentives include giving college scholarships or deferring payment of college loans in exchange for teaching in a shortage area. Other common approaches include free or discounted training programs, signing bonuses, housing allowances, moving expenses, and salary increases to teach in high-demand subjects or hard-to-staff schools. Indeed, states' experience confirms that states and districts do successfully draw teachers from neighboring areas by paying higher beginning teacher salaries or offering attractive bonuses. In Nevada, both the 2001 and 2003 legislatures provided funding for recruitment bonuses. The 2005 Legislature, through the passage of Assembly Bill 580, appropriated \$10 million to be used by school districts to support programs of performance pay and compensation for the recruitment, retention, and mentoring of licensed personnel.



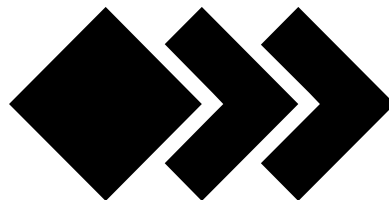
TEACHER COMPENSATION

AVERAGE AND BEGINNING TEACHER SALARIES

Average Teacher Salary 2003-2004 (AFT Survey)

United States Average Salary: \$46,597		
United States Beginning Salary: \$31,704		
State	Average Salary and National Ranking	Beginning Salary and National Ranking
Arizona	\$42,324 (26) (AFT estimate)	\$28,236 (34)
California	\$56,444 (2) (Includes extra-duty pay)	\$35,135 (5)
Colorado	\$43,318 (21)	\$31,296 (19)
Idaho	\$40,111 (32)	\$25,908 (44)
Montana	\$37,184 (45)	\$24,032 (49)
Nevada	\$43,211 (22)	\$27,942 (36)
New Mexico	\$38,469 (41)	\$31,920 (18)
Oregon	\$47,829 (13)	\$33,396 (14)
Utah	\$38,976 (38)	\$26,130 (42) (AFT estimate)
Washington	\$45,437 (18)	\$30,159 (24)
Wyoming	\$39,537 (36)	\$28,900 (29)

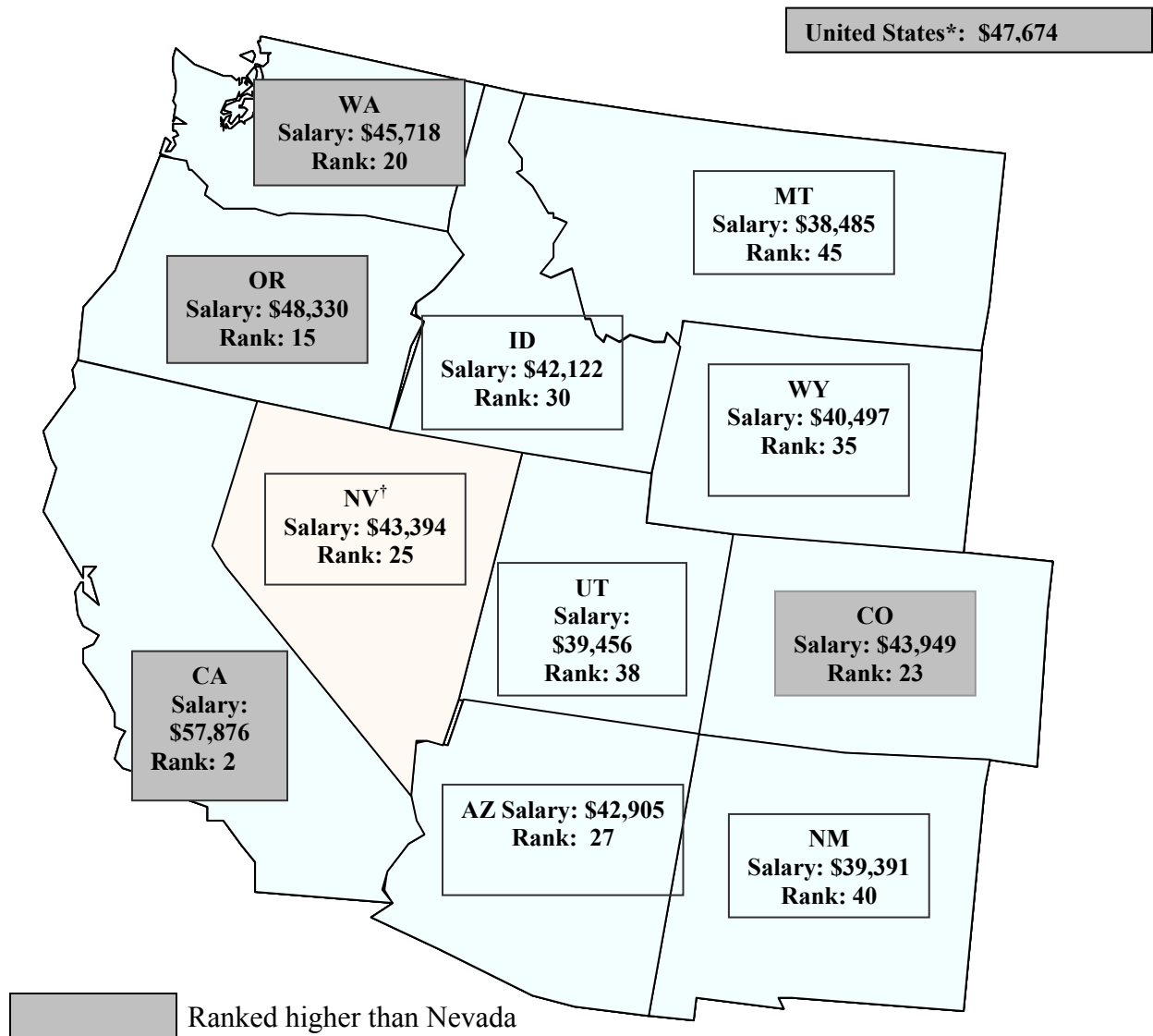
Source: American Federation of Teachers, *2004 Survey & Analysis of Teacher Salary Trends, October 2005*.



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AVERAGE TEACHER SALARIES

Average Salaries of Public School Teachers – 2004-2005 (NEA Survey)



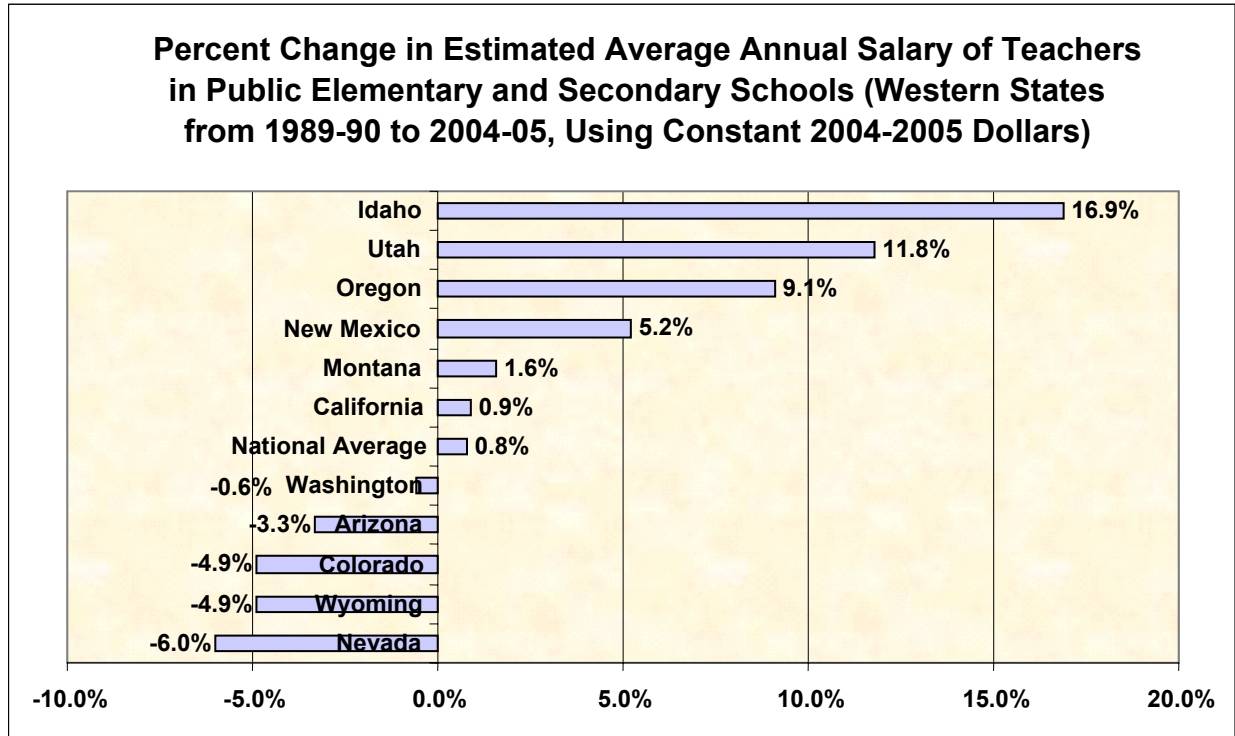
[†] Nevada: NEA estimates do not include the 9.75 percent employee portion of retirement payments as required for Nevada legislative reporting for 2002-2003. The subtracted employee portion for 2003-2004 is 10.125, for 2004-2005 it is 10.5.

Note: Average Salary is the average gross salary before deductions for Social Security, retirement, health insurance, etc.

Source: National Education Association. *Rankings and Estimates Update: A Report on School Statistics*, November 2006.

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AVERAGE TEACHER SALARIES, WESTERN STATES



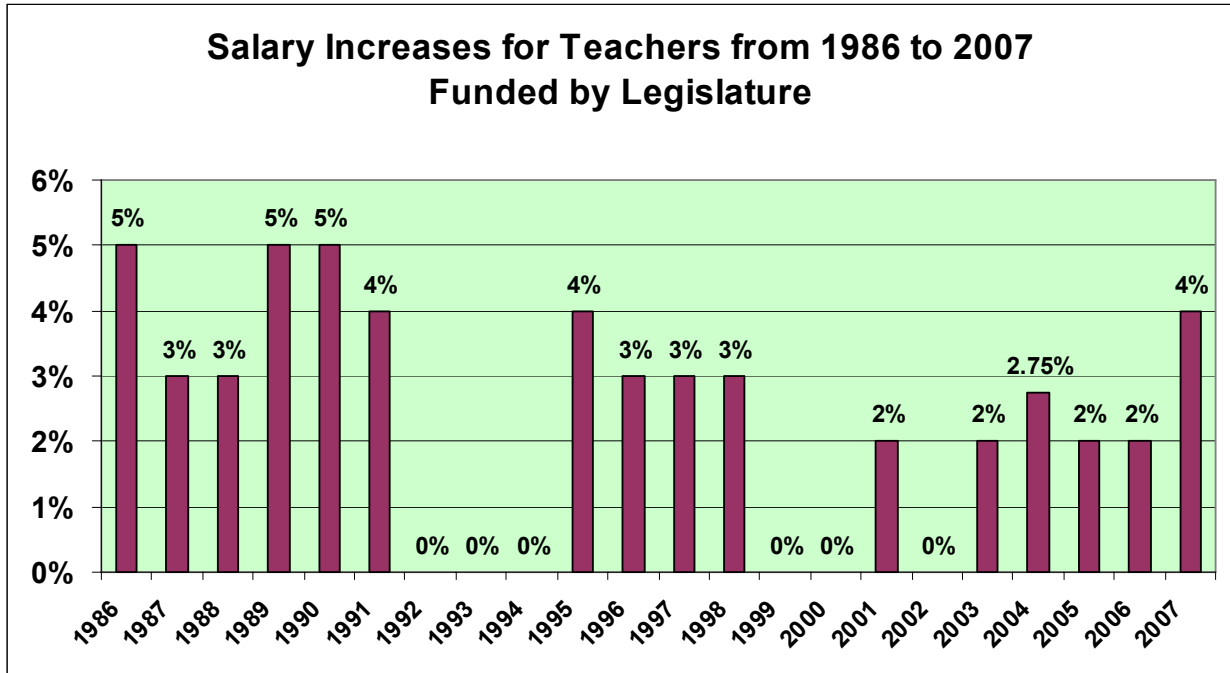
Estimated Average Annual Salary of Teachers in Public Elementary and Secondary Schools, Western States, Selected Years

	1969-70	1979-80	1989-90	1999-00	2002-03	2003-04
Arizona	\$44,205	\$37,171	\$44,388	\$41,785	\$43,046	\$43,102
California	52,344	44,495	57,365	53,989	59,245	58,143
Colorado	39,384	40,014	46,435	43,213	43,447	44,623
Idaho	34,964	33,608	36,023	40,250	42,261	42,316
Montana	38,597	35,895	37,864	36,371	37,636	38,303
Nevada	46,762	40,236	46,181	44,602	43,995	43,526
New Mexico	39,561	36,759	37,374	36,861	38,618	39,213
Oregon	44,748	40,164	46,559	47,938	50,105	50,649
Utah	38,790	36,813	35,758	39,570	40,435	40,149
Washington	46,813	46,470	45,980	46,474	47,315	46,801
Wyoming	41,774	39,537	42,484	38,643	39,869	40,722
National Average	\$43,773	\$39,433	\$47,354	\$47,339	\$48,185	\$48,159

Source: U.S. Department of Education, National Center for Education Statistics. *Digest of Education Statistics 2005*, using data from the National Education Association's *Estimates of School Statistics*, 1969-70 through 2004-05.

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NEVADA TEACHER SALARY INCREASES

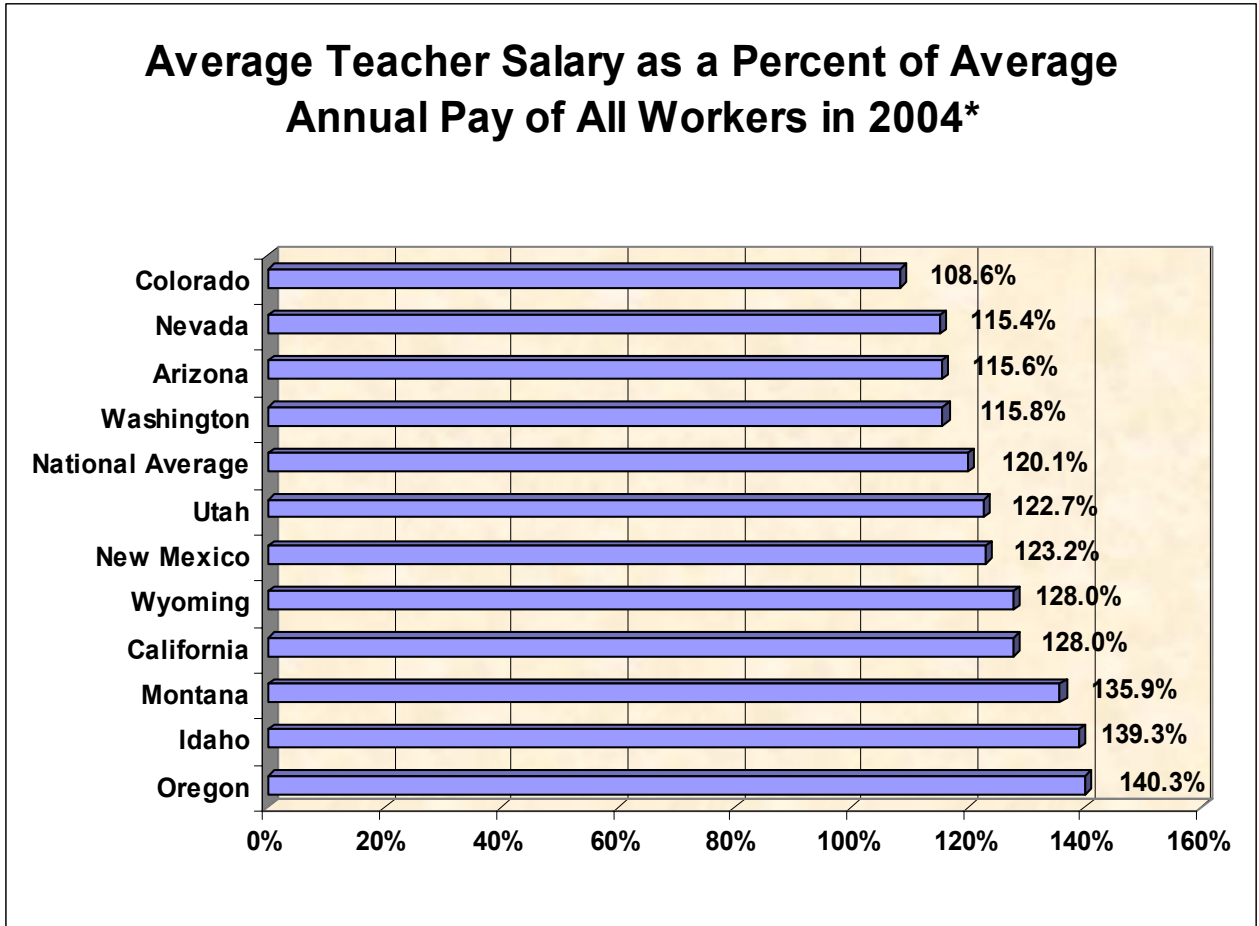


Source: Legislative Counsel Bureau, Fiscal Analysis Division. *Nevada Legislative Appropriations Report, 73rd Legislature, Fiscal Years 2005-06 and 2006-07.*



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TEACHER SALARIES & ALL WORKERS



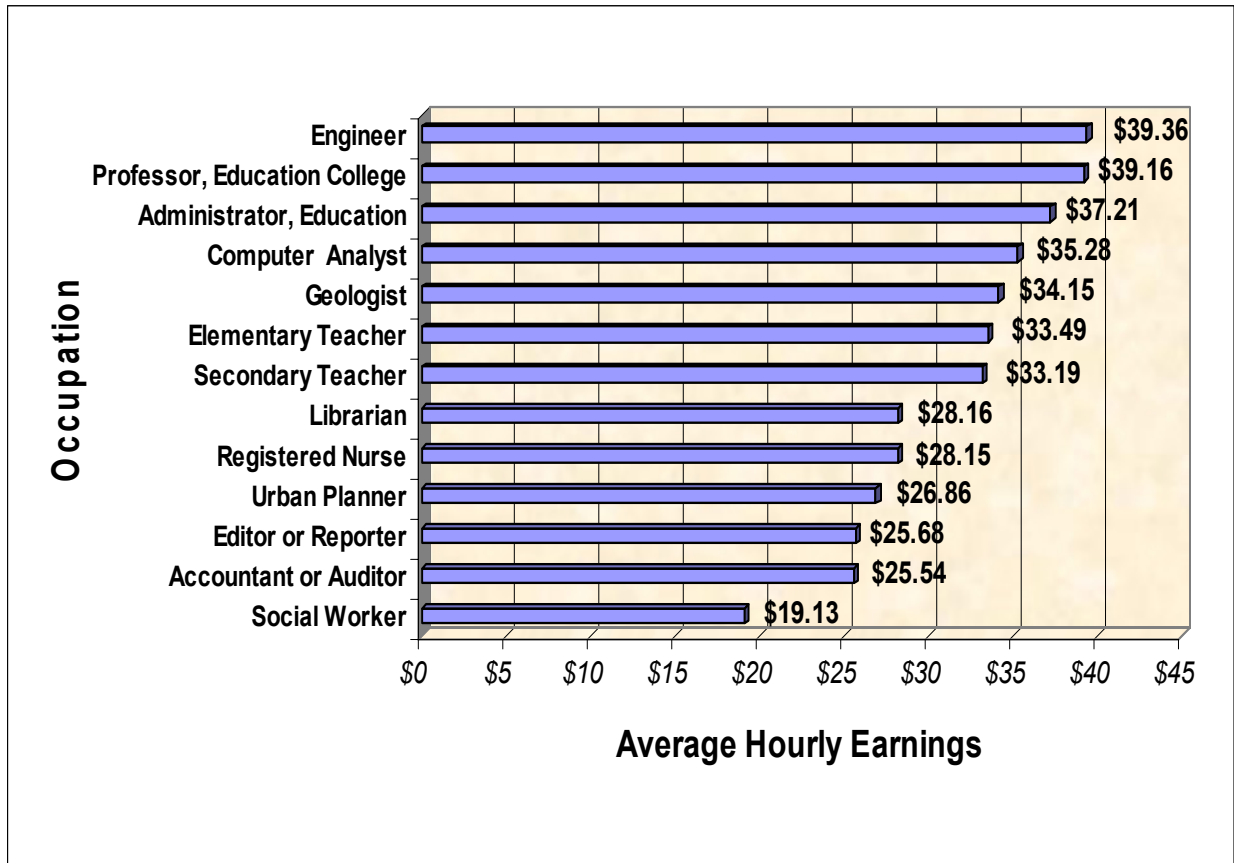
*Average of public elementary and secondary teacher salary for school years 2003-2004 and estimated 2004-2005 compared to each state's 2004 average annual pay for all workers covered by federal unemployment.

Source: National Education Association "Rankings & Estimates" 2002 & 2004, and Bureau of Labor Statistics "Quarterly Census of Employment and Wages: Annual Data Tables" in Education State Rankings 2006-2007. Morgan Quinto, 2006.

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AVERAGE HOURLY EARNINGS: WHITE COLLAR PROFESSIONALS

Average Hourly Earnings: White Collar Professionals, 2005



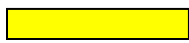
Source: U.S. Department of Labor, Bureau of Labor Statistics, *National Compensation Survey: Occupational Wages in the United States, June 2005*, August 2006.

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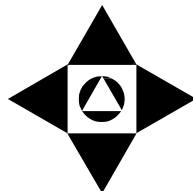
TEACHER SALARIES & PRIVATE SECTOR

WESTERN STATE COMPARISON: AVERAGE SALARY OF TEACHERS IN 2003-2004 SY COMPARED TO ANNUAL EARNINGS IN THE PRIVATE SECTOR, 2003

State	Average Teacher Salary	Private Sector Annual Earnings	Pay Ratio Teachers to Private Sector	Rank			
				2003-04	2001-2002	2000-2001	1991-1992
Arizona	\$42,324	\$34,602	1.22	34	40	44	28
California	\$56,444	\$41,864	1.35	16	19	25	15
Colorado	\$43,318	\$38,891	1.11	49	50	50	26
Idaho	\$40,111	\$28,272	1.42	5	4	13	42
Montana	\$37,184	\$25,659	1.45	2	5	4	7
Nevada	\$43,211	\$34,320	1.26	28	11	5	2
New Mexico	\$38,469	\$28,941	1.33	18	18	29	38
Oregon	\$47,829	\$33,819	1.41	6	6	8	10
Utah	\$38,976	\$30,522	1.28	25	26	30	46
Washington	\$45,437	\$38,673	1.17	40	39	43	14
Wyoming	\$39,537	\$29,148	1.36	15	12	21	9
United States	\$46,597	\$37,765	1.23	N/A	N/A	N/A	N/A

 Higher than Nevada – 2003-2004

Source: American Federation of Teachers. *2004 Survey and Analysis of Teacher Salary Trend*, 2006.



TEACHER COMPENSATION

PERFORMANCE PAY (A.B. 580)

The 2005 Legislature, through the passage of Assembly Bill 580 (Chapter 482 *Statutes of Nevada* 2005), appropriated \$5.0 million in each fiscal year of the 2005-07 biennium to be used by school districts to support programs of performance pay and enhanced compensation for the recruitment, retention and mentoring of licensed personnel.

Eligible Pay for Performance Programs

- **Skills-Based Pay:** Payment for licensed employees who develop certain skills verified through licensure, certification, or some other method.
- **Career Ladder:** Payment for licensed employees who perform at or above specified standards.
- **Mentoring:** Payment of increased compensation for mentor teachers and includes criteria for the selection of mentor teachers and teachers who will be mentored.
- **Bonuses:** One time bonus to retain licensed employees who
 - ✓ Provide instruction in high-need subject areas (i.e., mathematics, science, and special education);
 - ✓ Teach in at-risk schools;
 - ✓ Are newly hired; or
 - ✓ Have attained specified standards of achievement by pupils;
- **Retirement Credit:** Cost of purchasing service credit or the payment of equivalent financial incentives.

School District	FY 2005-06	FY 2006-07	Type of Program
Carson City	\$ 117,104	\$ 116,703	Bonus
Churchill	\$ 61,782	\$ 61,570	Bonus
Clark	\$3,632,307	\$3,363,622	Mentoring
Douglas	None Requested	None Requested	N/A
Elko	\$ 34,289	\$ 230,118	Mentoring
Esmeralda	\$ 2,084	\$ 2,077	Bonus
Eureka	\$ 5,626	\$ 5,607	Bonus
Humboldt	\$ 19,529	\$ 19,520	Mentoring
Lander	None Requested	\$ 17,132	Bonus
Lincoln	\$ 19,587	\$ 82,981	Bonus
Lyon	\$ 127,218	\$ 123,556	Bonus
Mineral	\$ 14,169	\$ 14,121	Bonus
Nye	\$ 80,327	\$ 80,051	Bonus
Pershing	\$ 14,898	\$ 14,847	Mentoring
Storey	\$ 8,981	\$ 8,950	Bonus
Washoe	\$ 842,304	\$ 839,418	Mentoring & Retirement Credit
White Pine	\$ 19,795	\$ 19,727	Mentoring & Bonus

Source: Nevada Department of Education, 2006.

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TEACHER SIGNING BONUS

In an effort to attract teachers to the state of Nevada, the 2001 Legislature appropriated funds to provide signing bonuses of \$2,000 to teachers newly hired by school districts. This program was continued by the 2003 and 2005 Legislatures.

The following table shows total state funds and recipients for this program since inception of the program in FY 2001-02.

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Total Recipients	2,353	2,407	2,298	2,918	3,272
Total State Funds	\$4,706,000	4,814,000	4,596,000	5,836,000	6,544,000

Source: Nevada Department of Education, 2006.



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TEACHER RETIREMENT CREDITS

Nevada Revised Statutes 391.165 requires the purchase of one-fifth of a year of service credit for each teacher who completes two years of employment at a school that has been designated as demonstrating need for improvement or has at least 65 percent of the pupils enrolled on free and reduced lunch status (i.e., At-Risk Schools). In addition, purchase must be made for a school psychologist or any teacher who holds an endorsement in mathematics, science, special education or English as a second language (ESL) and has been employed for at least one year in the area of endorsement (i.e., Hard-to-Fill Positions). The 2003 Legislature implemented this program as a way to retain hard-to-fill positions and teachers in low performing schools or schools with a high percentage of low socio-economic students. The 2005 Legislature continued the program.

The following tables show the total state funds and recipients for the At-Risk Schools and Hard-to-Fill Positions programs during the 2003-05 biennium and FY 2005-06.

Retirement Credit for Teachers in At-Risk Schools

	FY 2003-04	FY 2004-05	FY 2005-06
Total Recipients	2,505	4,615	4,258
Total State Funds	\$2,689,206*	\$7,044,150*	\$12,405,073

*Not fully funded by the state appropriation. In this case, the school districts must make up the shortfall.

Retirement Credit for Hard-to-Fill Positions

	FY 2003-04	FY 2004-05	FY 2005-06
Total Recipients	Not Offered	3,111	2,965
Total State Funds	Not Offered	\$5,732,643*	\$7,065,014

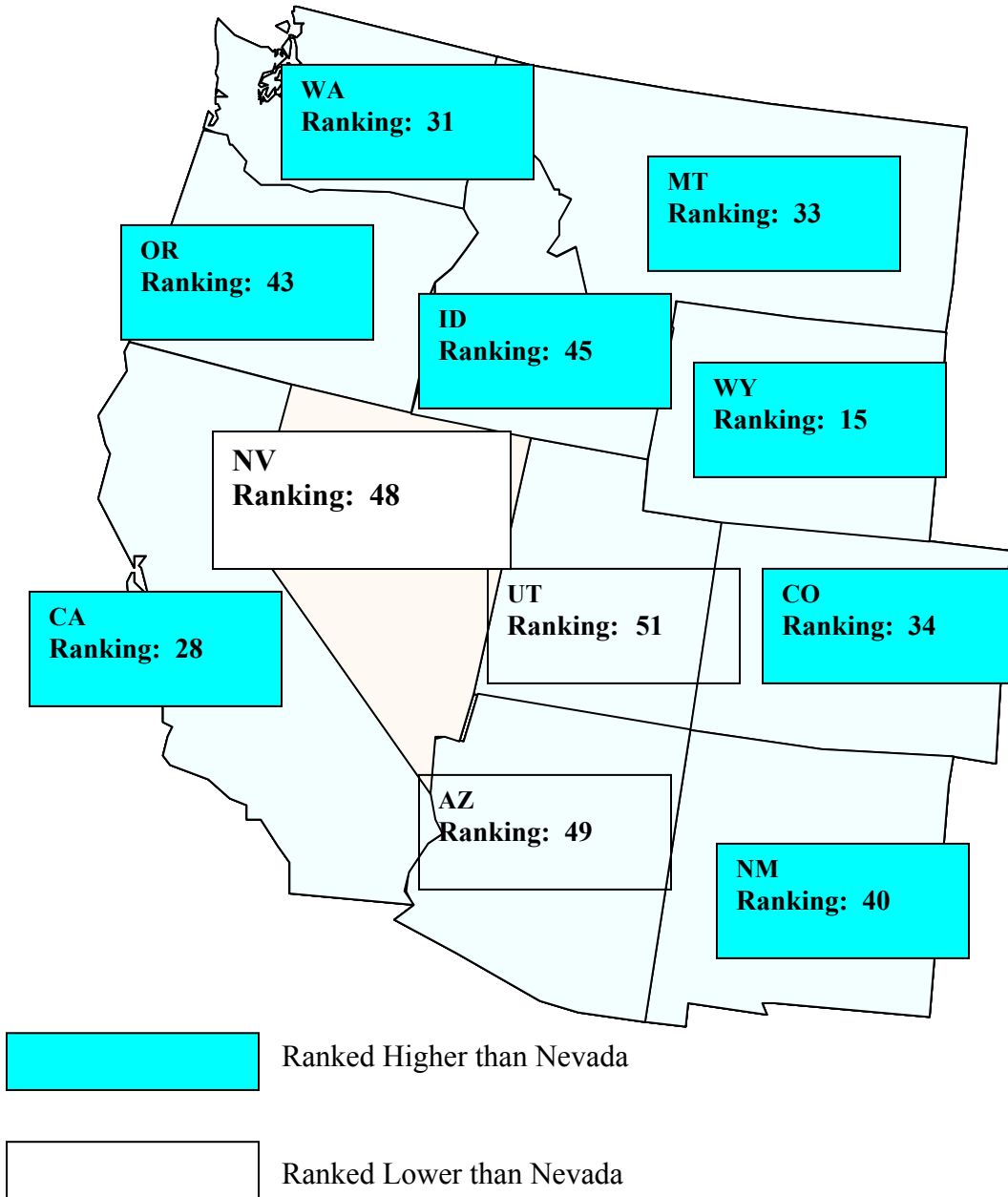
*Not fully funded by the state appropriation. In this case, the school districts must make up the shortfall.

Source: Nevada Department of Education, 2006.

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INSTRUCTION – SALARIES

Current Spending on Instruction – Salaries (No Benefits) Rankings 2003-2004

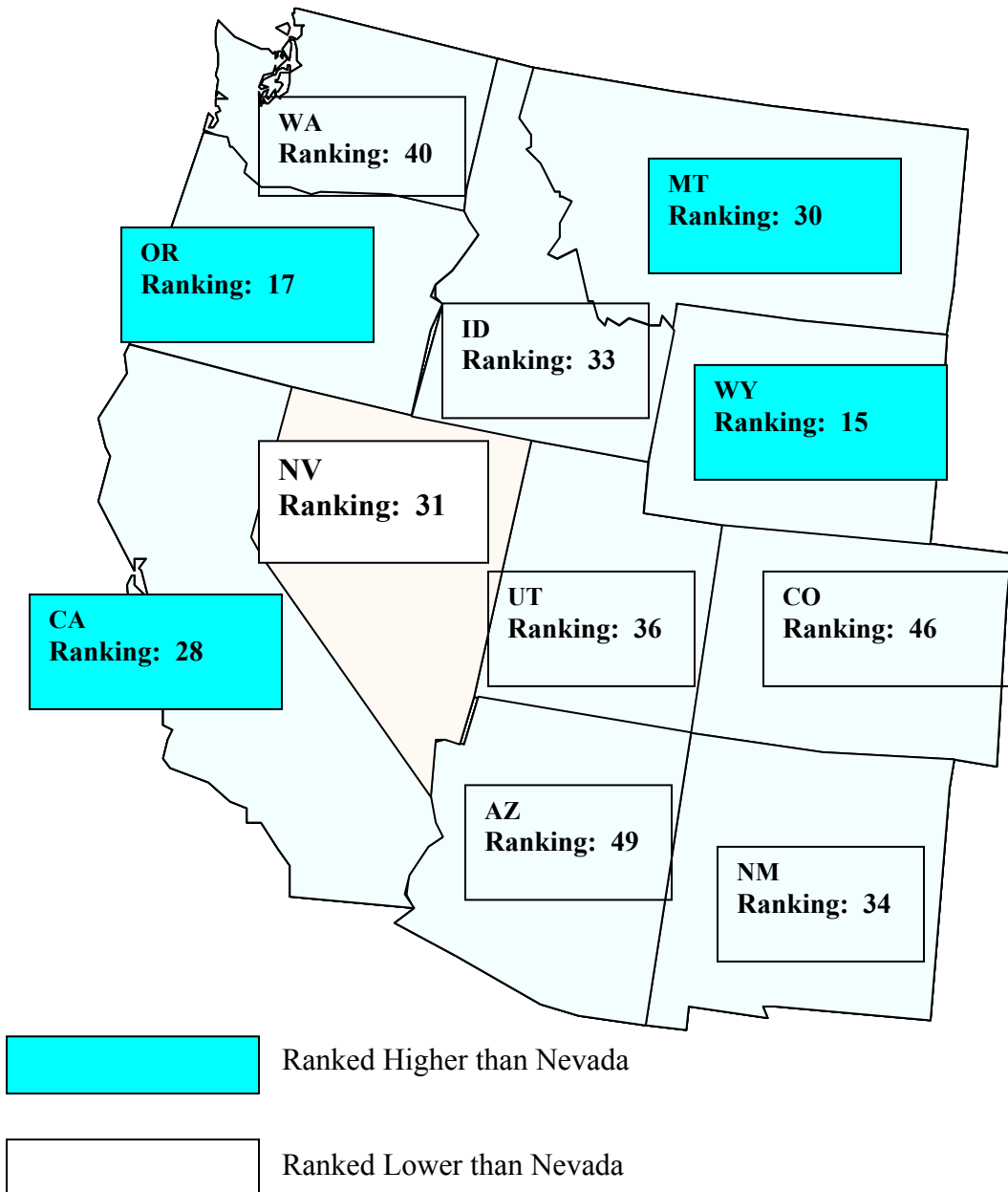


Source: U.S. Census Bureau - Annual Survey of Local Government Finances 2003-04, August 2006.

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INSTRUCTION – BENEFITS

Current Spending on Instruction – Benefits Only (No Base Salary) Rankings 2003-2004



Source: U.S. Census Bureau - Annual Survey of Local Government Finances 2003-04, August 2006.

