

Work of the 2013 BEP Committee

Tennessee Code Annotated 49-1-302(4)(a) specifies that the State Board of Education shall establish a review committee for the Tennessee basic education program (BEP). This committee is directed to meet at least four times a year and regularly review the BEP components including the preparation of an annual report on or before November 1 of each year.

This report includes recommendations on needed revisions, additions, and deletions to the formula, as well as, an analysis of instructional salary disparity among local education agencies. This report considers total instructional salary disparity among local education agencies, differences in benefits and other compensation among local education agencies, inflation, and instructional salaries in the southeast and other regions.

BEP Committee Guiding Principle Statement

The BEP review committee recognizes the constitutional mandate as defined by the Tennessee Supreme Court that the General Assembly shall maintain and support a system of free public schools that provide, at least, the opportunity to acquire general knowledge, develop the powers of reasoning and judgment, and generally prepare students intellectually for a mature life. To this end, the committee's work shall be driven by this recognition.

BEP Committee Recommendation Process Diagram

The committee requested that a diagram be developed to document the process of the BEP committee's recommendations to better understand the scope and impact of the committee's work on policy.

BEP Committee Recommendation Pathway



Tenn. Code Ann. § 49-1-302

(4) (B) The board shall establish a review committee for the Tennessee basic education program (BEP). The committee shall include the executive director of the state board of education, the commissioner of education, the commissioner of finance and administration, the comptroller of the treasury, the director of the Tennessee advisory commission on intergovernmental relations, the chairs of the standing committees on education of the senate and house of representatives, and the director of the office of legislative budget analysis, or their designees. The board shall appoint at least one (1) member from each of the following groups: teachers, school boards, directors of schools, county governments, municipal governments that operate LEAs, finance directors of urban school systems, finance directors of suburban school systems and finance directors of rural school systems.

The BEP review committee shall meet at least four (4) times a year and shall regularly review the BEP components, as well as identify needed revisions, additions or deletions to the formula. The committee shall annually review the BEP instructional positions component, taking into consideration factors including, but not limited to, total instructional salary disparity among LEAs, differences in benefits and other compensation among LEAs, inflation, and instructional salaries in states in the southeast and other regions. The committee shall prepare an annual report on the BEP and shall provide the report on or before November 1 of each year, to the governor, the state board of education, the education committee of the senate and the education committee of the house of representatives. This report shall include recommendations on needed revisions, additions and deletions to the formula, as well as an analysis of instructional salary disparity among LEAs, including an analysis of disparity in benefits and other compensation among LEAs.

2013 Executive Summary

In the effort to improve essential components of the Basic Education Program (BEP),¹ the BEP Review Committee has performed a comprehensive review of the funding formula related to the following areas:

- Recommendation for Senate Resolution 0030
- Fiscal Update to Immediate Priority Recommendations
 1. Recommendation for Funding 12 Month Insurance Premiums
 2. Recommendation for Improving Teacher Compensation
- Fiscal Update to Extended Priority Recommendations
- 2013 BEP Committee Notable Action Items
- Salary Disparity Analysis
- State Salary Comparison (Southeast)

Each year, on or before November 1, this committee submits a report to the Governor and the State Board of Education identifying funding formula needs. This 2013 edition of the report summarizes the findings of the committee and presents the immediate and extended priorities identified by the committee.

Recommendations of the Committee

BEP Recommendation for Senate Resolution 0030

One of the first items for discussion during the 2013 committee meetings was the charge (as per Senate Resolution 0030) for the BEP committee to determine whether the BEP Funding Formula should be modified to include a component regarding school safety and security. After much discussion the committee determined that, “no component regarding school safety and security should be added to the BEP Funding Formula.”

BEP Formula Improvements

The 2013 BEP Review Committee has priority ranked the following two recommendations as a result of this year’s meeting discussions:

¹ Tennessee Code Annotated 49-1-302 (4)(a)

BEP Formula Improvement #1

Recommendation for Funding 12 Month Insurance Premiums

The BEP Review Committee recommends that the full cost of 12 months of insurance premiums be incorporated into the BEP funding formula. The estimated cost of this recommendation is ~\$60.376 million.

The committee became aware that BEP insurance premiums are funded on 10 months vs. 12 months, based on a March 2011 letter from the Office of the Comptroller. This recommendation was ranked as formula improvement recommendation #1 in the 2012 BEP Report.

The committee reiterates that school districts have always paid for 12 months of premiums.

BEP Formula Improvement #2

Recommendation for Improving Teacher Compensation

In order to meet the goal of becoming the fastest improving state in the nation, the BEP Review Committee recognizes the need to create conditions necessary to attract and retain the best possible teachers in the State of Tennessee. Teacher salaries are an integral aspect of these conditions. Further, the BEP Review Committee recognizes the fact that excellent teachers have many possible career paths and that market forces play a key role in the modern economy. These market forces often create economic incentives for potential and current teachers to seek employment outside the classroom. Because of this, the BEP Review Committee recognizes this disparity and believes that teacher salaries must reflect the many different types of knowledge and skills required to be a successful teacher. Additionally, the BEP committee suggests that the State Board of Education consider forming a study committee to determine how this issue should be further addressed.

In conjunction with this recommendation the committee passed a motion recommending a \$5,000 per teacher increase in the salary component for a total cost of \$265,562,000.

2013 BEP Review Committee Notable Action Items

Tennessee Code Annotated 49-1-302(4)(a) specifies that the State Board of Education shall establish a review committee for the Tennessee basic education program (BEP). This committee is directed to meet at least four times a year and regularly review the BEP components including the preparation of an annual report on or before November 1 of each year. For 2013, the four required committee meetings occurred on August 13, September 18, October 1, and October 29. Video archives for each of these meetings can be found online at <http://tn.gov/sbe/bep.shtml>. Agendas, discussion items, and materials considered in the committee meetings can be found in Appendix D.

#1 BEP Recommendation for Senate Resolution 0030

One of the first items for discussion during the 2013 committee meetings was the charge (as per Senate Resolution 0030) for the BEP committee to determine whether the BEP Funding Formula should be modified to include a component regarding school safety and security. After much discussion the committee determined that, “no component regarding school safety and security should be added to the BEP Funding Formula.”

This motion was approved by the committee by a vote of 13 yes, 1 no, 8 abstain, and 2 not present.

#2 BEP Recommendation for Improving Teacher Compensation

In order to meet the goal of becoming the fastest improving state in the nation, the BEP Review Committee recognizes the need to create conditions necessary to attract and retain the best possible teachers in the State of Tennessee. Teacher salaries are an integral aspect of these conditions. Further, the BEP Review Committee recognizes the fact that excellent teachers have many possible career paths and that market forces play a key role in the modern economy. These market forces often create economic incentives for potential and current teachers to seek employment outside the classroom. Because of this, the BEP Review Committee recognizes this disparity and believes that teacher salaries must reflect the many different types of knowledge and skills required to be a successful teacher. Additionally, the BEP committee suggests that the State Board of Education consider forming a study committee to determine how this issue should be further addressed.

This motion was approved by the committee by a vote of 16 yes, 0 no, 4 abstain, and 4 not present.

#3 BEP Committee Recommendation to Study Issue of Buying Teacher Planning Time for Flexibility to Provide RTI Services

Dr. Michael Price outlined for the committee a plan to purchase teacher planning time on a voluntary basis. Teachers are provided with mandatory planning time during regular hours; under this plan, this time would be purchased at a rate of approximately \$3,000 per year, per teacher. The cost of this would be generated in the B.E.P. funding formula to supplement the existing teachers' salary.

This plan would address several issues, most importantly providing teachers with additional paid time during the school day to meet the requirements of R.T.I. without sacrificing regular instructional time.

The committee motioned for the issue of buying teacher planning time to be studied and reviewed for discussion during the 2014 BEP committee meetings.

This motion was approved by the committee by a vote of 17 yes, 0 no, 2 abstain, and 5 not present.

#4 BEP Committee Recommendation to Fund the Full 12 Month Cost of Insurance Premiums

The BEP Review Committee recommends that the full cost of 12 months of insurance premiums be incorporated into the BEP funding formula. The estimated cost of this recommendation is ~\$60.376 million.

The committee became aware that BEP insurance premiums are funded on 10 months vs. 12 months, based on a March 2011 letter from the Office of the Comptroller. This recommendation was ranked as formula improvement recommendation #1 in the 2012 BEP Report.

The committee reiterates that school districts have always paid for 12 months of premiums

This motion was approved by the committee by a vote of 13 yes, 0 no, 2 abstain, and 9 not present.

#5 BEP Recommendation for Improving Teacher Salary Component

Following the recommendation to improve the teacher salary component the committee determined to recommend an average of \$5,000 per teacher increase to the BEP salary component for a total cost of \$265,562,000. This recommendation will move the BEP salary component toward closing the \$10,000 cost per teacher gap in actual salary costs that the systems are currently addressing with local funds; however it is not intended to supplant local funds nor decrease the amount of locally required matching funds.

This motion was approved by the committee by a vote of 12 yes, 0 no, 3 abstain, and 9 not present.

Salary Disparity Statement

Beginning in 2012, the committee decided to report salary disparity with a statement to include the following three components: the current BEP salary component, the average statewide licensed instructor salary for Tennessee, and the Southeastern state average teacher salary.

For the 2012-2013 school year, the BEP salary component was \$39,849, compared to an average statewide licensed salary of \$49,923. This represents a ~25.0 percent gap in licensed salary funding levels.

A single unit cost for all instructional positions, including teachers, principals, and supervisors of instruction, is used in the TN BEP funding formula. Comparisons to other states, however, are based only on teachers' salaries. The southeastern average for teachers was \$48,446² in the 2012-2013 school year; the average salary in Tennessee for teacher salaries only that year was \$47,563.

Note: The \$47,563 TN average teacher salary is based upon the same calculations provided in the full disparity report. It should be noted that the NEA calculations listed Tennessee at \$48,289 for an average teacher salary based on projected data.

² **Source** : National Education Association (nea.org)

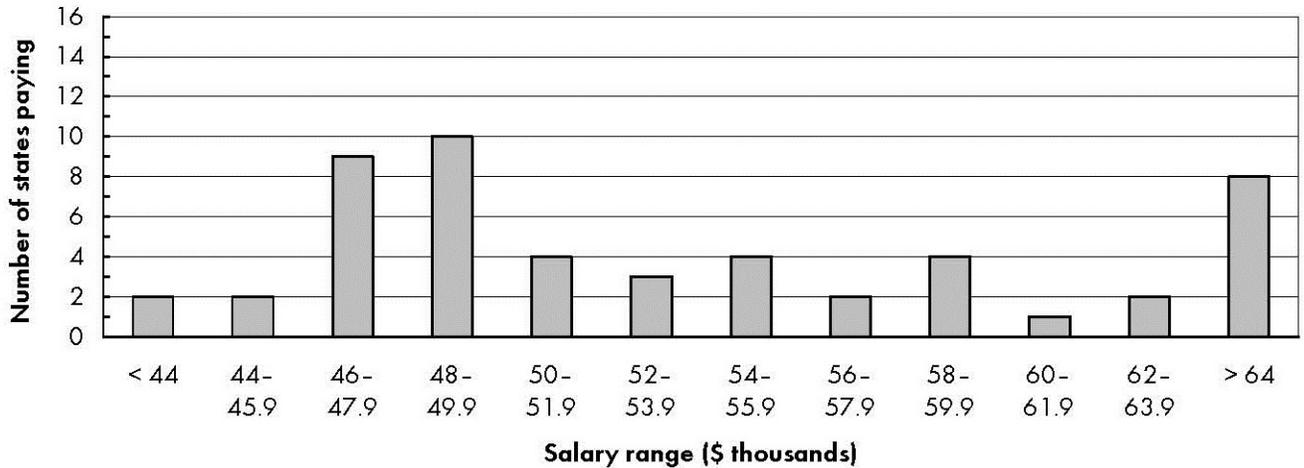
Review of Teacher Salaries for the U.S. Southeastern Region

As recognized by the NEA, each state's department of education has its own system of accounting and reporting. Therefore, it is not always possible to obtain completely comparable data for every state. Further, the state of TN calculates the average TN teacher salary at \$47,563 (this average excludes principals and supervisors of instruction), whereas NEA lists it at \$48,289 for the 2012-2013 school year for calculating the Southeastern states' average teacher salary of \$48,446. This is the most reliably reported data that can be utilized and therefore this average is used as the chief comparison number for the disparity study.

Average Annual Salaries of Classroom Teachers			
State	2011-12 (Revised)	2012-13 (Estimated)	
Alabama	48,003	47,949	
Arkansas	46,314	46,632	
Florida	46,479	46,944	
Georgia	52,938	52,880	
Kentucky	49,730	50,326	
Louisiana	50,179	51,381	
Mississippi	41,646	41,994	
North Carolina	45,947	45,947	
South Carolina	47,428	47,924	
Tennessee	47,082	48,289¹	
Virginia	48,703	49,869	
West Virginia	45,320	46,405	
Southeast	47,933	48,446	
<i>Source : National Education Association (nea.org)</i>			
¹ Estimate by NEA, Actual Average TN Classroom Teacher Salary is 47,563			

The following graph from the NEA shows the distribution of average teacher salaries by state. The average Tennessee teacher salary of \$47,563 places the state in the bottom portion of the second quartile. The 2012-2013 southeastern average for teachers, \$48,446, also falls in the second quartile.

Distribution of Average Classroom Teacher Salaries, 2013



Source: Rankings of the States 2012 and Estimates of School Statistics 2013, National Education Association Research, December 2012

Market Pay Discussion

Over the course of the 2013 meetings, the committee discussed the issue of competitive teacher compensation and what it needs to be related to recruiting and retaining teachers. Some committee members expressed the opinion that teacher salaries are too low, but yet there is no consensus as to what “competitive” compensation would look like. The need was defined as deriving the amount that the state should anticipate in order to recruit teachers of the quality or caliber that will allow Tennessee to meet achievement goals, retain great teachers, and ultimately reward professionals for high performance.

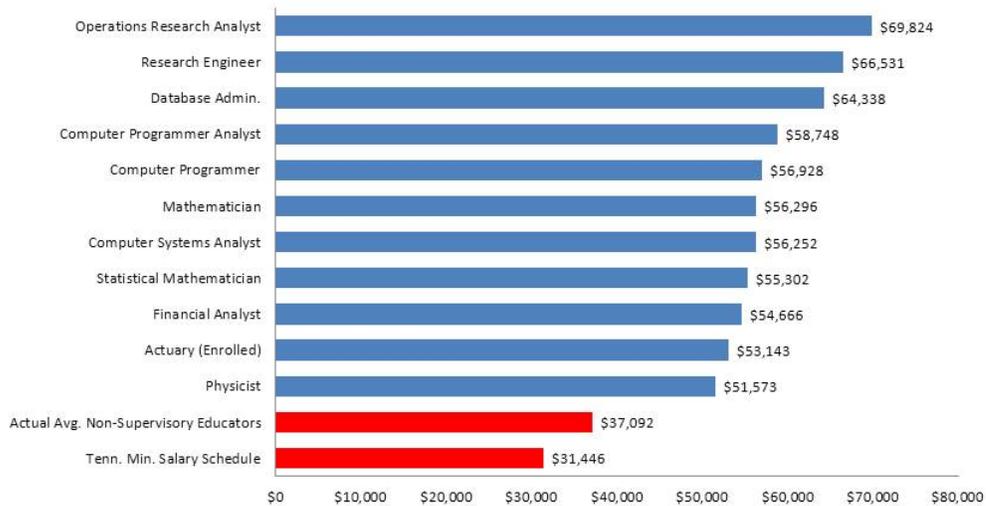
The following themes served as a basis for the ongoing discussion concerning

adequate teacher compensation:

1. What should the minimum entry wage be to attract college students with high-caliber skills of problem solving, communications, critical thinking, reading, analytical thinking, leadership and other skills necessary to achieve success in virtually any field? Specifically, for those who have skill levels that would enable them to enter any career, what type of entry level salary would be necessary to attract them to the field of teaching?
2. Given the new and higher standards for K-12, it is anticipated that there will be an acute need for those who have mastery level skills in the subjects of math and science. As a subset of the above, what would entry level salaries need to be in order to attract college students with specific mastery in these subjects, given higher entry level salaries in specialized fields such as chemistry or physics?
3. Once entry level salaries are calculated and a sum total is determined, it will be necessary to compare that number to the existing total for compensation (salary and benefits) and determine the gap, then determine how we could go about closing that gap.

The following graphs contain selected market salary data for actual Tennessee jobs provided for comparison discussion using the Economic Research Institute Salary Assessor tool.

State-Wide Mathematics Occupations – Beginning Year



B.S. Degree							
12 month Average	10 Month Average	Tenn. Min. Sal. Schedule	10 Month Salary Gap	12 Month Salary Gap	Actual Avg. Non-Supervisory Educators	10 Month Salary Gap	12 Month Salary Gap
\$ 57,271	\$ 47,726	\$ 31,446	\$ 16,280	\$ 25,825	\$ 37,092	\$ 10,634	\$ 20,179

Data Source: Economic Research Institute Salary Assessor