

Purchasing Power of Wyoming Teacher Salaries

Background

This analysis adapts research from the [tax foundation](#) and the bureau of economic analysis on price parity and incomes. Using WCLI regional costs as a basis for comparing teacher salaries (in fiscal year 2014) that have been adjusted for variances in costs of living. Links are available at the end of this document.

Funding for Teacher Salaries & Regional Costs

The funding model provides a Regional Cost Adjustment (RCA) based on the districts Wyoming Cost of Living Index value, Hedonic Index Value, or 100. Each district's resulting average funded salary represents a dollar amount that, while different nominally, is almost equal in "real" terms when the amount is adjusted up or down based on regional cost variances. Teacher salary "Purchasing Power" has been essentially equalized by this process. This is a basic goal of the RCA.

Average Teacher Salaries (funding model)

Districts are funded an amount per teacher, and then use those funds to pay their teachers based on various factors that are under the district's control. This includes base salaries, education (lanes) and experience (steps). Each district values these differently. In addition each district can control the quantity of staff hired through active management of class sizes. Local control allows for this, and this is done in a thoughtful manner throughout the state in a way that helps each district accomplish its goals the best it believes it can.

Value of \$100 in Wyoming (Table 1, page 4)

Table 1 uses WCLI data to calculate the purchasing power of \$100 across the state. This simply provides a purchasing power perspective that is easy to comprehend. \$100 doesn't go very far in Teton County, while it goes further in Platte County. There is actually 51% more purchasing power in Platte

County than Teton. The unadjusted (nominal) \$100 is the same in both places, but the adjusted (real) value is quite different. Using this same approach with salaries, leads to similar results.

Unadjusted (Nominal) vs. Adjusted (Real) Salaries (Figure 1, page 5)

Average salaries funded per district have variance. The nominal amounts paint a picture we all know. High cost districts get more funding than low cost districts and pay higher salaries. But, like the value of \$100 example, when we adjust for regional variations in price levels the resulting real income levels paint a different story (see figure 1, page 5; table 2, page 6).

Part of the variance can be attributed to varying levels of experience and education across districts, and some can be attributed to the application of the RCA.

The key takeaway here is that even AFTER receiving the RCA adjustments from the funding model, the lowest purchasing power Wyoming is held by high cost districts who receive the highest nominal amount for wages.

Conclusions and Concerns

Salaries are higher in some districts than others, and districts with higher wages usually also have higher costs of living. Once funding model salaries are adjusted for price levels, *most variation in wages vanishes or reverses*. This may help change perceptions on which districts are overfunded or underfunded for salaries.

This is a concern because nationally there is a correlation between employee retention and adjusted real incomes. Regions with high nominal wages that are actually low real wages have significant challenges retaining staff, and tend to experience retention challenges over time. This is of significant concern with the hedonic index, which takes funding away from districts with the lowest real wages. The hedonic index overestimates the value of a region where standards of living and incomes are

actually lower than nominal amounts may indicate. In addition, the hedonic approach can be manipulated, and does not take local control based practices into consideration.

The current system, while far from perfect, does adjust for variances in cost of living. It results in a wide range of purchasing power for teachers across the state. Local control does allow for districts to address challenges in supply & demand. For example, in Teton County (salaries with low purchasing power) following the model closely tends to allow us to recruit teachers. Other districts take a different approach, but we all make it work. An ideal system may result in less variance of the (cost adjusted) salaries being funded. Unfortunately, consultant recommendations and hedonic approaches do not address the situation, they actually make it worse. It may be best to stick with the current system until a more viable alternative is developed that addresses the issue in an equitable manner and takes costs into consideration.

Thank you for your consideration.

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Table 1. Value of \$100 in Wyoming

Wyoming County	Relative Value of \$100
Albany	\$100.00
Big Horn	\$112.36
Campbell	\$96.15
Carbon	\$97.09
Converse	\$95.24
Crook	\$108.70
Fremont	\$101.01
Goshen	\$109.89
Hot Springs	\$109.89
Johnson	\$101.01
Laramie	\$100.00
Lincoln	\$106.38
Natrona	\$99.01
Niobrara	\$113.64
Park	\$104.17
Platte	\$113.64
Sheridan	\$101.01
Sublette	\$90.91
Sweetwater	\$99.01
Teton	\$75.19
Uinta	\$106.38
Washakie	\$108.70
Weston	\$108.70

Note: The values represent the value of goods that \$100 dollars can buy in each county compared to the state average. The Wyoming Cost of Living Index (dated January 8, 2014) provides data on average price levels in each county for household consumption, including housing rental rates. Source: State of Wyoming, Dept. of Administration and Information, Economic Analysis Division Wyoming Cost of Living Index for Fourth Quarter 2013.

Figure 1. 2014 Price Parity of Funding Model Teacher Salaries

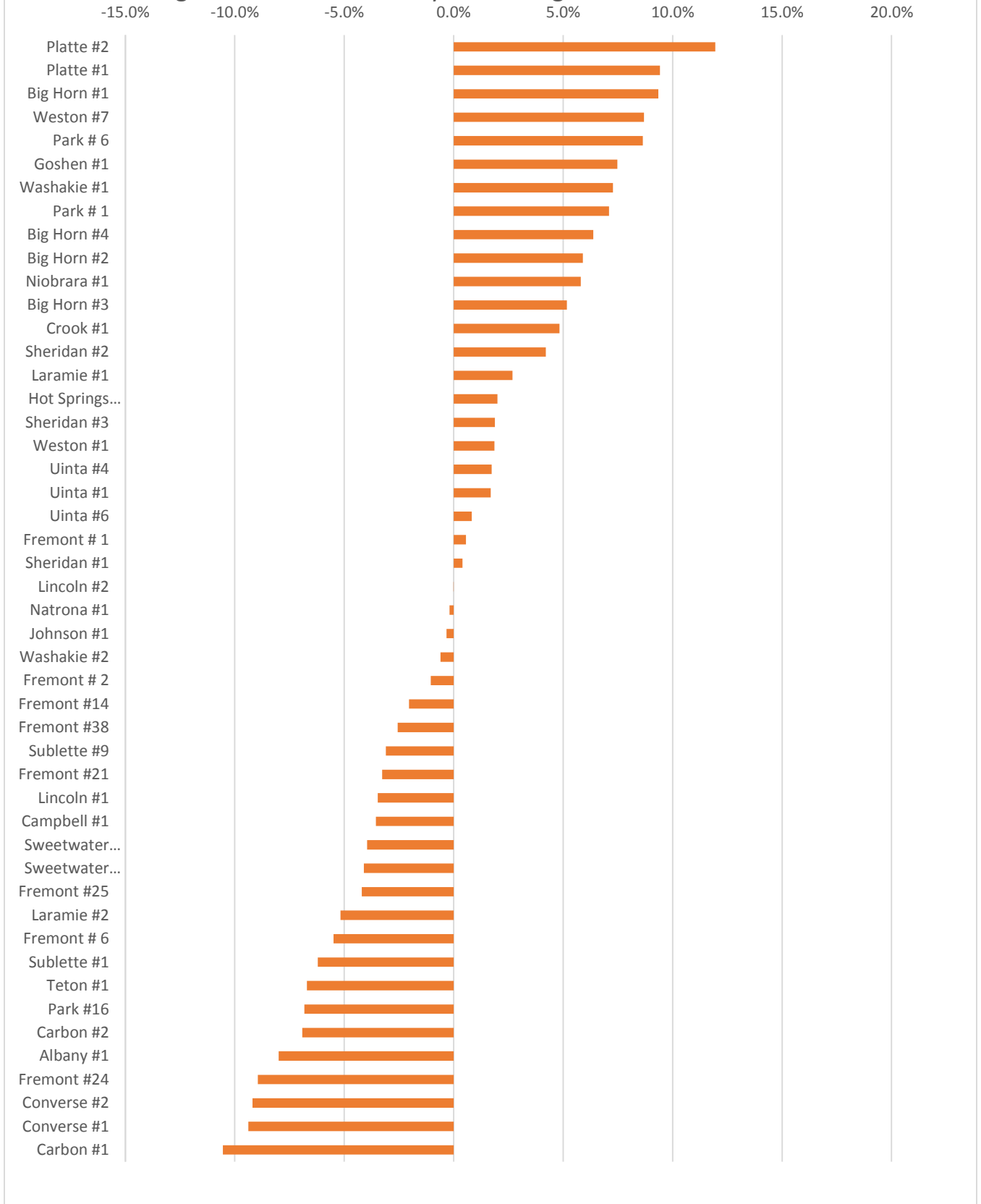


Table 2. Nominal and Real 2013-2014 Teacher Salaries by District

District	Funded (Nominal) 13-14 Average Teacher Salary	Adjusted (Real) Value of 13-14 Teacher Model Salary	Real Value vs. Statewide Avg. \$	Real Value vs. Statewide Avg. %
Platte #2	\$52,798	\$59,998	\$6,404	11.9%
Platte #1	\$51,605	\$58,642	\$5,049	9.4%
Big Horn #1	\$52,158	\$58,604	\$5,011	9.3%
Weston #7	\$53,592	\$58,252	\$4,659	8.7%
Park # 6	\$55,895	\$58,224	\$4,630	8.6%
Goshen #1	\$52,414	\$57,598	\$4,005	7.5%
Washakie #1	\$52,894	\$57,494	\$3,900	7.3%
Park # 1	\$55,097	\$57,393	\$3,799	7.1%
Big Horn #4	\$50,738	\$57,009	\$3,415	6.4%
Big Horn #2	\$50,510	\$56,753	\$3,159	5.9%
Niobrara #1	\$49,898	\$56,703	\$3,109	5.8%
Big Horn #3	\$50,164	\$56,364	\$2,770	5.2%
Crook #1	\$51,690	\$56,184	\$2,591	4.8%
Sheridan #2	\$55,288	\$55,847	\$2,253	4.2%
Laramie #1	\$55,031	\$55,031	\$1,438	2.7%
Hot Springs #1	\$49,744	\$54,664	\$1,070	2.0%
Sheridan #3	\$54,054	\$54,600	\$1,006	1.9%
Weston #1	\$50,222	\$54,590	\$996	1.9%
Uinta #4	\$51,252	\$54,523	\$929	1.7%
Uinta #1	\$51,231	\$54,501	\$907	1.7%
Uinta #6	\$50,791	\$54,033	\$440	0.8%
Fremont # 1	\$53,355	\$53,894	\$300	0.6%
Sheridan #1	\$53,272	\$53,810	\$216	0.4%
Lincoln #2	\$50,910	\$53,590	(\$3)	0.0%
Natrona #1	\$54,024	\$53,489	(\$105)	-0.2%
Johnson #1	\$52,883	\$53,418	(\$176)	-0.3%
Washakie #2	\$49,010	\$53,272	(\$322)	-0.6%
Fremont # 2	\$52,502	\$53,033	(\$561)	-1.0%
Fremont #14	\$51,976	\$52,501	(\$1,092)	-2.0%
Fremont #38	\$51,700	\$52,223	(\$1,371)	-2.6%
Sublette #9	\$57,126	\$51,932	(\$1,661)	-3.1%
Fremont #21	\$51,322	\$51,840	(\$1,753)	-3.3%
Lincoln #1	\$48,628	\$51,732	(\$1,862)	-3.5%

District	Funded (Nominal) 13-14 Average Teacher Salary	Adjusted (Real) Value of 13-14 Teacher Model Salary	Real Value vs. Statewide Avg. \$	Real Value vs. Statewide Avg. %
Campbell #1	\$53,756	\$51,689	(\$1,905)	-3.6%
Sweetwater #2	\$51,989	\$51,474	(\$2,119)	-4.0%
Sweetwater #1	\$51,908	\$51,394	(\$2,199)	-4.1%
Fremont #25	\$50,827	\$51,341	(\$2,253)	-4.2%
Laramie #2	\$50,823	\$50,823	(\$2,771)	-5.2%
Fremont # 6	\$50,144	\$50,651	(\$2,943)	-5.5%
Sublette #1	\$55,291	\$50,265	(\$3,329)	-6.2%
Teton #1	\$66,497	\$49,998	(\$3,596)	-6.7%
Park #16	\$47,939	\$49,937	(\$3,657)	-6.8%
Carbon #2	\$51,384	\$49,887	(\$3,706)	-6.9%
Albany #1	\$49,308	\$49,308	(\$4,285)	-8.0%
Fremont #24	\$48,312	\$48,800	(\$4,793)	-8.9%
Converse #2	\$51,103	\$48,670	(\$4,923)	-9.2%
Converse #1	\$50,995	\$48,567	(\$5,027)	-9.4%
Carbon #1	\$49,383	\$47,945	(\$5,648)	-10.5%
Average	\$52,155	\$53,593		

References

1. <http://taxfoundation.org/blog/real-value-100-each-state>
2. <http://bea.gov/newsreleases/regional/rpp/2014/rpp0414.htm>
3. Reference impact from prior hedonic approach
 - a. <http://www.wasa-wy.org/resources/Home/LSO-RCA-01-18-12.pdf>