



MANAGEMENT ANALYSIS & PLANNING, INC.

WYOMING EDUCATION FINANCE

Classified Salaries

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Prepared for MAP by
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On February 23, 2001 The Wyoming Supreme Court reversed the lower trial court's decision by ruling that administrative and classified salaries "... should be adjusted in a fashion similar to teacher salaries to account for differences in experience, responsibility, and seniority." In our earlier report, "Classified Salaries" (dated: December 30, 2002), we developed a methodology for adjusting classified employee salaries and made use of preliminary data to implement the methodology. In this revised report we apply our methodology to a revised and expanded data set provided by the Wyoming State Department of Education.

Classified salaries enter the Wyoming Cost-Based Funding Model primarily in two ways. First, school districts are funded for classified staffing levels through the district prototypes.¹ Second, funding adjustments are made to actual-employed classified staff based on their actual within-district job experience. Funding levels for the prototypes are based on statewide average personnel costs from the most recent fiscal year for which data are available.² Table 1 contains the average FTE cost of full-time, prototype-funded categories based on actual expenditure data.

Each local school district's classified staff funding level is calculated as the product of the formula-driven FTE level (the prototype) and the average compensation contained in Table 1. For example, a school district whose formula determined staffing level is five employees in each staffing category would receive a base payment of $5 \times (\$14,328 + \$22,079) = \$182,035$.

By distinguishing different personnel categories the funding model complies with the Court's directive that employee compensation reflect employee responsibility. The Court also directed the State to account for the experience of classified employees in determining funding levels. The Wyoming State Department of Education collected a preliminary data set of classified employee experience upon which our December 2002 classified compensation analysis was based. Since not all school districts were able to successfully respond to the initial data request, the Department of Education collected a second wave of data to supplement the original filing. As the funding model is calibrated for 2001-02 and the 2001-02 data files contain both salary and experience data, we use the 2001-02 data to calculate the prototypical funding level and experience adjustments as described below.³ Average statewide experience for each classified employee group is given in Table 2.

¹ Funding for operations and maintenance personnel is not provided by the prototypes but by the operations and maintenance portion of the model. Transportation and special education personnel are funded through 100 percent reimbursement of actual expenditures. Food service personnel are assumed to be self-funded through food service revenue.

² Revised data file from Steven King, Wyoming Department of Education, received June 2003, containing 2001-02 classified staff information.

³ According to Steven King, Wyoming Department of Education, the second wave of data collection was far more complete, containing data from school districts that had previously failed to report. Furthermore, it was his judgment that the second data collection was characterized by greater uniformity in how respondents interpreted the survey questionnaire, a consequence of SDE training.

Table 1. Average Earnings of Full-Time Employees by Prototype Category

Title	FTE	Avg. Salary
Aides	312	\$14,328
Clerks and Secretarial	883	\$22,079

We adapt the econometric methodology used to calculate the value of experience for school and central office administrators to calculate the value of experience for classified staff.⁴ The dependent variable is the annual salary of classified, full-time staff in Fall 2001. Our model relates annual salaries to measures of staff experience and contract year length for each classified salary employee grouping. As with the analysis of administrators, experience is measured by experience within the job, within the district. The estimation by job classification and the inclusion of the contract year length variable permit estimation of the independent effect of experience on salaries. To estimate the effect of these variables, we fit an OLS regression model of the form:

$$\text{FTE Salary} = B_0 + B_1 \text{ Contract Days} + B_2 \text{ Experience} + e$$

The Wyoming Cost-Based Funding Model provides for experience adjustments for instructional aides and secretarial/clerical staff. Since each group has somewhat different salary structures, we estimate experience premiums for each grouping. The regression equation explains from 28 percent to 42 percent of the variation in classified staff pay, considered excellent predictive power in a model of this type. The regression coefficients are correctly signed and statistically significant at the five percent level or higher. The regressions show that, holding all else equal, each additional year of district experience raises pay \$228.47 for clerks/secretaries and \$230.82 for aides, a remarkably consistent result although the job categories differ considerably in average years of experience.

These regression results represent the adjustment value of an additional full year of experience in a full-time position. These adjustments would be reduced proportionately for partial-year experience and for less than full-time equivalent employment.

⁴ See “Wyoming School District Employee Compensation” report dated January 31, 2002.

Table 2: Impact of Experience on Earnings^a
Dependent Variable = Fall 2001 FTE Salary

Employee type	Mean years experience	Coefficient	t-statistic	Adjusted R ²	Sample Size
Aide	5.7	230.82	8.1	.26	309
Clerk/ Secretary	9.1	228.47	11.0	.42	879

^a Evidence from ordinary least squares regression. Number of contract days is also a regressor. Mean district experience based on entire sample of full-time employees.

We recommend that the average compensation levels displayed in Table 1 replace the existing values for the funding model prototypes. We further recommend that the funding formula incorporate these regression results by comparing each employee's experience to the state average experience level of full-time employees for each employee class (aides and clerks), and adjustments to funding be made accordingly. A change in average salaries would require a change in law. We stand ready to incorporate both the change in average salaries and the respective experience adjustments into the Wyoming Cost-Based Funding Model at the direction of the Legislature.