

Teacher Salaries in Tennessee, 2015-2018

Tara Bergfeld / Principal Legislative Research Analyst
Tara.Bergfeld@cot.tn.gov

More than \$300 million in new, recurring state dollars was appropriated by the General Assembly through the Instructional Salaries and Wages category of the Basic Education Program (BEP), the state's education funding formula, between fiscal years 2016 and 2018. The legislative intent for the increased state funding was to increase teacher salaries across the state.

The Comptroller's Office of Research and Education Accountability (OREA) surveyed Tennessee's school districts, and the majority of respondents reported awarding salary increases to teachers for three consecutive years (fiscal years 2016, 2017, and 2018). Those pay raises resulted in an increase of Tennessee's average classroom teacher salary of 6.2 percent (just under \$3,000), making it the third fastest-growing state in the Southeast for teacher salaries during fiscal years 2015 through 2018. In addition to providing raises, districts also used increased state BEP instructional salaries funds to hire more instructional staff.

OREA found that while total local revenue budgeted for school districts increased at about the same rate as BEP state revenue, salary expenditures (whether for new hires or raises) could not be linked back to their revenue source, either state or local. District budgets do not identify what portion of expenditures are paid with state funds versus local funds.

The state's main lever for increasing state funding for salaries – the BEP formula's *salary unit cost* figure – is not directly linked to pay raises for every teacher. The increased funding generated through the salary unit cost is applied only to BEP-calculated positions; most districts fund additional positions, and in the 2015 through 2018 period analyzed, the growth rate for staff employed by districts was 1.97 percent versus a growth rate of 1.84 percent in BEP-calculated positions. Because districts employ more staff than are covered by BEP funding, the available state and local dollars earmarked for salaries must stretch over more teachers than the staff positions generated by the BEP.

OREA examined district expenditures and found that, statewide, districts increased spending for instructional salaries and health insurance by about 9 percent while spending on retirement increased about 8 percent. At the individual district level, the growth in salary expenditures varied, from a decrease of 10 percent to an increase of over 26 percent.

Several districts cited the need to stay competitive with the benefits they offer – like health insurance – to attract and retain employees. OREA's analysis found that most districts pay more than the state minimum requirement of 45 percent for licensed instructional employees' premiums, with over half of districts paying at least 75 percent of the premium cost over the time period. Eight districts covered 100 percent of the cost.

A limited number of state requirements apply to local contributions and spending for K-12 education under the BEP. TDOE reports that districts have complied with these requirements. OREA did not find any indicators of noncompliance but concluded that the available financial data for districts does not permit tracking salary expenditures back to their revenue sources. Combined with districts' flexibility in spending non-salary BEP dollars for salary costs (but not vice versa), the limitations of available data made it difficult to draw strong conclusions about how state and local dollars were spent statewide across multiple years.

The Comptroller's report includes policy considerations addressing how the state may wish to implement an in-depth salary survey of selected districts to periodically obtain a more complete picture of district salary trends as well as develop a process to determine which districts are eligible for a separate state allocation of salary equity funding, intended to raise teacher salaries in select districts with lower-than-average salaries.

New state funding for instructional salaries, 2015-2018	
Fiscal year	State appropriation for instructional salary increases
2014-15	\$0
2015-16	\$97,600,000
2016-17	\$104,600,000
2017-18	\$100,386,000
Total increase (2015-2018)	\$302,586,000