JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

REPORT TO THE
GOVERNOR AND THE GENERAL ASSEMBLY OF VIRGINIA

Technical Report: Cost of Competing Adjustment for School Divisions in Northern Virginia

REPORT DOCUMENT NO. 82 (2013)
COMMONWEALTH OF VIRGINIA
RICHMOND

DECEMBER 2012

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COMMONWEALTH of VIRGINIA

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February 7, 2013

The Honorable John M. O'Bannon III
Chair
Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia 23219

Dear Delegate O'Bannon:

At its June 2012 meeting, the Joint Legislative Audit and Review Commission approved a staff study of the cost of competing adjustment. The chairman of the Senate Finance Committee had requested the study by a letter to me dated April 25, 2012.

This final report was briefed to the Commission and authorized for printing on December 10, 2012.

I would like to thank the staff at the Virginia Department of Education and local school divisions for their assistance during this study.

Sincerely,

Glen S. Tittermary
Director

GST/mle

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JLARC Report Summary:

Technical Report: Cost of Competing Adjustment for School Divisions in Northern Virginia

Key Findings

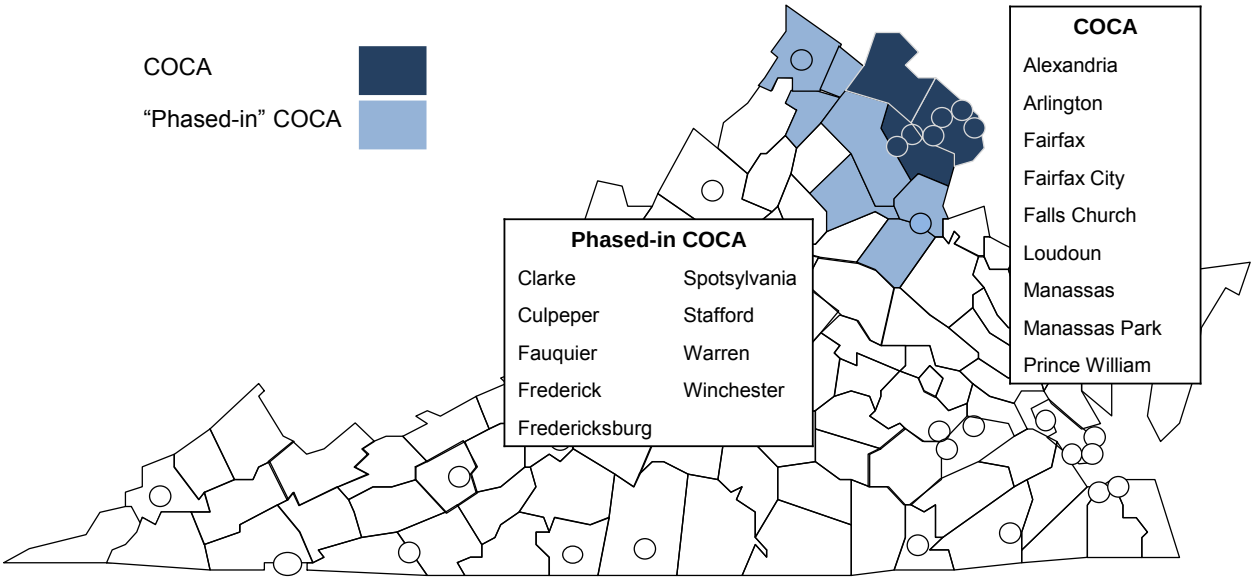
- Northern Virginia is the State's most expensive labor market based on several measures, including average wages and cost of living. (Chapter 2)
- School divisions in Northern Virginia pay higher salaries than other divisions, including paying instructional staff about 38 percent more than other divisions in the State. These divisions, however, still typically pay their staff below the Washington, D.C. area average. (Chapter 4)
- Based on changes in Virginia's economy over the years, the State could refine the divisions it recognizes for a cost of competing adjustment (COCA). The State could recognize two separate sub-markets within Northern Virginia, and not recognize the cost of competing for seven divisions that currently receive a "phased-in" COCA. (Chapter 5)
- The State could also update the amount of the COCA that it recognizes through the Standards of Quality (SOQ) formula. Based on three different approaches, the cost to the State could range from about $140 million to $340 million. (Chapter 6)

On April 25, 2012, the Chairman of the Senate Finance Committee sent a letter requesting that the Joint Legislative Audit and Review Commission (JLARC) review the cost of competing adjustment (COCA). The Commission subsequently approved a staff study of the COCA in the annual workplan. The letter cites the cost of competing adjustment for support personnel as a key budget issue during the 2012 General Assembly session. The request for this study indicates that given the period of time since JLARC last reviewed the COCA and changes made since the last JLARC review in 1995, an updated study is necessary to inform the General Assembly's budget decisions during the 2013 Session.

COST OF COMPETING IS INTENDED TO RECOGNIZE COST OF COMPETING FOR SCHOOL STAFF IN NORTHERN VIRGINIA

The COCA is to intended to recognize the higher cost that school divisions incur because they compete for staff in the more competitive Northern Virginia (NoVa) labor market. The cost of competing has been identified as one of three factors beyond local control that increases costs. The State recognizes this cost by providing nine NoVa school divisions a COCA, and since 2007, another nine divisions on the outer perimeter of Northern Virginia a "phased-in" COCA (see map, next page).

Nine Divisions Receive the COCA and Nine Receive the "Phased-in" COCA



Source: JLARC staff analysis of Appropriations Acts.

The amount of the COCA has varied in recent years, but is typically 9.83 percent in additional funding for instructional staffing and 24.61 percent in additional funding for support staffing. Divisions receiving a phased-in COCA typically receive one-quarter of these amounts.

NORTHERN VIRGINIA IS THE STATE'S MOST EXPENSIVE LABOR MARKET BASED ON SEVERAL MEASURES

Some of the original justification for the cost of competing adjustment was based on the fact that NoVa school divisions must recruit and retain employees in a labor market that is more competitive than the rest of the State. Based on a variety of indicators, this still appears to be the case. For example, the average hourly wage in the Washington, D.C. area is 36 percent higher than the Charlottesville area, the region of the State with the second highest hourly wages.

The Washington, D.C. area also has the second highest hourly wages in the education field and the second lowest unemployment rate among regions of the State (the Charlottesville area actually has slightly higher educational wages and slightly lower unemployment). Finally, the cost of living in Virginia localities near Washington, D.C. is 25 percent higher than the next most expensive region of the State, Hampton Roads. An employee paid $48,000 in salary in Hampton Roads would have to be paid $64,000 per year to maintain the same standard of living in the Washington, D.C. area.

MAJORITY OF SCHOOL DIVISIONS CAN RECRUIT AND RETAIN MOST STAFF BASED ON CURRENT SALARIES OFFERED

The cost of competing adjustment was intended to compensate divisions for the higher costs of staffing in Northern Virginia, but was never intended to directly address recruiting and retention problems. There are many issues, such as the appeal of certain parts of the State to prospective employees or an inadequate supply of skilled workers, which affect the ability of a school division to recruit and retain. These issues are separate from what the cost of competing was intended to address, which is that certain NoVa divisions have to compete with other employers in a higher cost region of the State. The COCA is to essentially reimburse certain divisions for these costs they are already incurring, but not necessarily provide additional funds to directly address recruiting and retention difficulties.

The COCA is to essentially reimburse certain divisions for costs they are already incurring, but not necessarily provide additional funds to directly address recruiting and retention difficulties.

Despite the fact that the COCA is not intended to directly address recruiting and retention problems, the ability of divisions to recruit and retain in the current economy provides helpful context. In this respect, most divisions reported staff turnover of ten percent or less in FY 2012. Statewide, most divisions also reported they are satisfied with the staff they are able to recruit and retain. For example, the majority of NoVa school divisions reported instructional staff applicant pools were sufficiently large. These divisions also reported that the applicants for most instructional positions were of sufficiently high quality.

There are certain instructional positions, however, such as guidance counselors, and certain support positions, such as school nurses and bus drivers, for which divisions statewide and in Northern Virginia reported having difficulty recruiting and retaining quality staff. Statewide, the majority of divisions reported that only some or few of the applicants for instructional positions who reject their job offers do so because another employer has offered them more compensation. While divisions are generally able to effectively recruit and retain most staff now, they expressed concern that this may not be the case if the economy and private sector employment improve.

NoVa DIVISIONS GENERALLY PAY SALARIES THAT ARE HIGHER THAN OTHER DIVISIONS, BUT BELOW THE WASHINGTON, D.C. MARKET AVERAGE

The current salaries provided to employees are perhaps the best indicator of what the "market" dictates that school divisions must offer to recruit and retain a sufficiently qualified workforce. School divisions in Northern Virginia indicated they primarily compete with each other for staff. The relative differences between salaries in these divisions are therefore illustrative of the labor market.

NoVa divisions also indicated that they compete for employees with school divisions in Maryland and Washington, D.C., as well as private sector employers who seek workers for certain occupations, such as administrative support, information technology, or maintenance.

Comparing salaries across divisions reveals that NoVa school divisions tend to offer salaries above, and in some cases far above, salaries offered by divisions in the rest of the State. This further confirms that the labor market in which school divisions must recruit and retain staff is more competitive than the rest of the State. The nine divisions that receive the COCA tend to pay instructional salaries within a relatively close range of each other, suggesting that these divisions operate in a relatively similar labor market for instructional staff. However, the nine divisions that receive the phased-in COCA pay instructional salaries that vary more widely, which suggests there is greater differentiation among these divisions.

However, divisions that receive the COCA tend to pay instructional salaries below the Washington, D.C. market area average, which includes the District of Columbia and part of Maryland. All of these divisions, for example, pay average teacher salaries that are below the Washington, D.C. market area average for teachers. Similar differences exist for support staff salaries, though there is greater variation among divisions.

STATE COULD REFINE FOR WHICH DIVISIONS IT CHOOSES TO RECOGNIZE THE COST OF COMPETING

Commuting Time

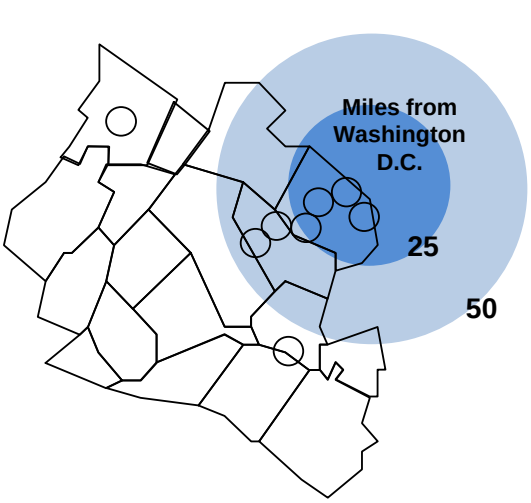
The U.S. Census Bureau reported that the Washington, D.C. MSA had the second longest commute time in the nation in 2009. On average, the commute in this region was about 33 minutes. A vehicle averaging 45 miles per hour could cover about 25 miles during this time, and about 50 miles in twice this average commute time.

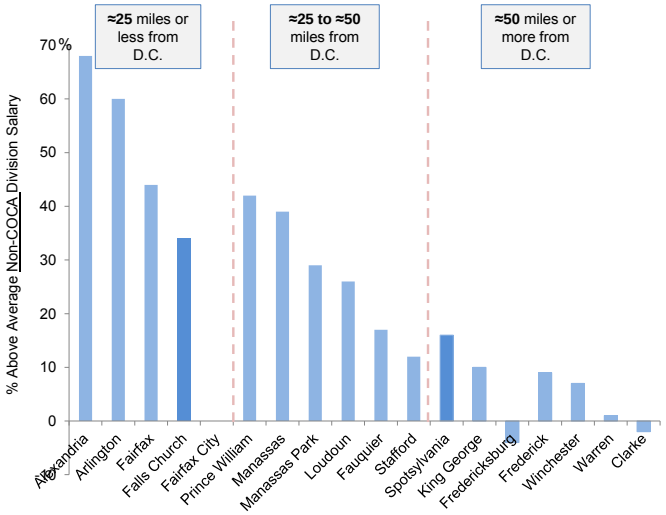
Though different prospective employees will have different tolerances for how wide of a job search they conduct, it is reasonable to assume that geographic proximity is one of the major factors that potential employees consider when searching for a job. Average commute time, therefore, can be used to set a radius from Washington, D.C. of either 25 or 50 miles (see sidebar). There are five Virginia school divisions that fall within a 25-mile radius of Washington, D.C. (see figure, next page). It is reasonable to assume that these divisions are most likely to compete with each other and other school divisions in Maryland and Washington, D.C. Another six Virginia school divisions fall at least partially within a radius of more than 25, but less than about 50 miles, from Washington, D.C.

JLARC staff used geographic proximity to Washington, D.C. and average division salaries to identify four separate sub-markets in Northern Virginia (see figure). Divisions in two of these sub-markets seem to have some justification for recognizing, at least to some degree, the cost of competing with other employers for school division employees. These divisions in almost all cases have allo-

NoVa Divisions Generally Pay Higher Average Salaries the Closer They Are to Washington, D.C.

1. Calculate mileage from Washington, D.C. → 2. Confirm / refine by comparing division average salaries





Source: JLARC staff analysis.

cated their budgets to pay higher salaries in order to compete with other employers. They also are either geographically adjacent to or within about 50 miles of Washington, D.C., which is the region's most expensive area by far.

The first such sub-market, referred to as sub-market A, includes five school divisions (Fairfax County and the cities of Alexandria, Arlington, Falls Church, and Fairfax) that are within 25 miles of Washington, D.C. These divisions pay, on average, between 34 and 68 percent more than divisions that do not receive the COCA (excluding the City of Fairfax which often reports its data along with Fairfax County).

Sub-market B includes six divisions (Prince William, Loudoun, Fauquier, and Stafford counties and the cities of Manassas and Manassas Park) that are more than 25 but less than about 50 miles away from Washington, D.C. These divisions pay, on average, between 12 and 42 percent more than divisions that do not receive a COCA.

There are seven school divisions that currently receive a phased-in COCA that are not in these two sub-markets. Based on this analysis, it is recommended that the General Assembly refine for which divisions it recognizes the cost of competing.

STATE COULD ALSO CHOOSE TO UPDATE THE COST OF COMPETING AMOUNT IT RECOGNIZES IN THE SOQ FORMULA

In addition to refining which localities receive a COCA, the State could also update the amount of the cost of competing that it recognizes based on current information. The current amount of the COCA is based on how the State compensated employees in Northern Virginia in the mid-1990s. The State's approach, however, has since changed. The State also pays its employees, on average, below the market average. For these two reasons, it is recommended that the General Assembly discontinue using the State differential as the basis for the cost of competing adjustment.

School divisions that reported their primary competitors were other divisions in Northern Virginia and other surrounding jurisdictions. This suggests that the actual market for school division employees may be the most useful starting point from which to determine (1) the actual cost of competing, and (2) the portion of this cost the State chooses to recognize in the SOQ formula.

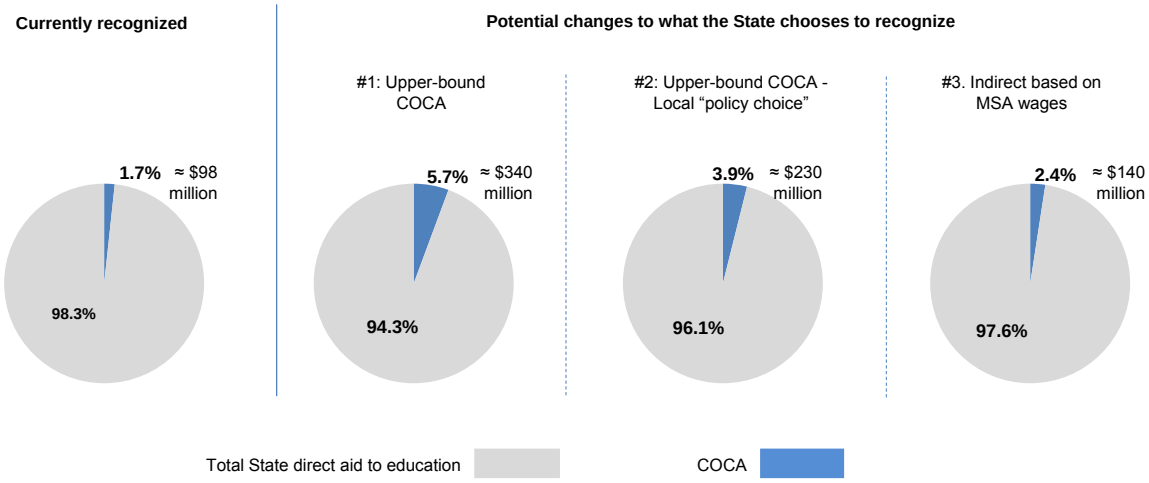
The State can choose from a wide range of amounts to recognize in the cost of competing adjustment. JLARC staff used various analytical constructs to identify three potential approaches for informing what amount to recognize in the SOQ formula. Though none of these approaches is perfect, they can inform discussion among policy-makers about any changes made to the amount of the cost of competing. The financial impact of these changes to the cost of competing would need to be estimated by the Department of Education. However, for illustrative purposes, JLARC staff have developed approximations of the magnitude of the impact on State spending of the three potential approaches (see figure, next page).

The first approach uses the difference in average salaries school divisions pay as an estimate of the upper-bound of the cost of competing for NoVa school division staff. This approach could cost the State about $340 million. Recognizing this upper bound could increase the State's total current spending on the cost of competing by about 250 percent. The cost of competing adjustment would comprise about 5.7 percent of total State direct aid to K-12 education under this first and highest cost approach.

The second approach attempts to estimate and then subtract what portion of this upper bound is attributable to local spending determined by policy choices beyond the minimum required to meet the SOQ. This second approach could cost the State about $230 million. Using this approach would more than double the State's current spending on the cost of competing. Under this second approach, the cost of competing would comprise about 3.9 percent of total State direct aid to K-12 education.

The third and final approach uses general, non-school division wages as an indirect measure of the cost of competing for employees in Northern Virginia. This approach could cost the State about $140 million. Though this is the smallest increase of the three approaches, it would still increase the current total by about 40 percent. Under this third approach, the cost of competing would account for about 2.4 percent of total State direct aid, up from the 1.7 percent currently provided.

Illustrative Differences Between Current Approach and Three Potential Changes to How Much of the Cost of Competing the State Chooses to Recognize



Source: JLARC staff analysis of DOE FY 2013 budget estimates.

Chapter 1

State Recognizes Additional Cost of Competing for School Division Staff in Northern Virginia

In Summary

The cost of competing adjustment (COCA) is to recognize the higher cost that school divisions incur because they compete for staff in the more competitive Northern Virginia labor market. The cost of competing has been identified as one of three factors beyond local control that increases costs. The State recognizes this cost by providing nine Northern Virginia (NoVa) school divisions a COCA, and another nine school divisions on the outer perimeter of Northern Virginia a "phased-in" COCA. The amount of the COCA has varied in recent years, but is typically 9.83 percent in additional funding for instructional staffing and 24.61 percent in additional funding for support staffing. Divisions receiving a phased-in COCA typically receive one-quarter of these amounts. The average and individual salaries of NoVa school division staff are generally higher than those of division employees in the rest of the State. The difference, however, does not necessarily relate to the amount of the COCA that NoVa divisions receive from the State.

On April 25, 2012, the Chairman of the Senate Finance Committee requested by letter that the Joint Legislative Audit and Review Commission (JLARC) review the cost of competing adjustment (COCA). The Commission subsequently approved a staff study of the COCA in the annual workplan. The letter cites the cost of competing adjustment for support personnel as a key budget issue during the 2012 General Assembly session. Specifically, the Governor's 2012-2014 budget proposed not providing the cost of competing adjustment for support personnel. The General Assembly subsequently restored part of the amount for support personnel. The request for this study indicates that given the period of time since JLARC last reviewed the cost of competing adjustment and changes made since the last JLARC review in 1995, an updated study is necessary to inform the General Assembly's budget decisions during the 2013 Session (Appendix A).

To address this mandate, JLARC staff compiled data about the level of wages, cost of living, and employment in Virginia. Staff also interviewed local school division staff and representatives from various education-related organizations. Staff collected local school division financial data from the Virginia Department of Education (DOE) and also surveyed school divisions about their ability to recruit and retain staff. Finally, staff collected data on wages paid to State employees and other employees in Northern Virginia. More details on these research methods can be found in Appendix B.

COCA RECOGNIZES COST FOR NoVa SCHOOL DIVISIONS OF RECRUITING AND RETAINING INSTRUCTIONAL AND SUPPORT STAFF

The COCA is provided to certain school divisions in Northern Virginia. The COCA is provided through the Standards of Quality (SOQ) formula, and is intended to help Northern Virginia (NoVa) school divisions compete with other employers in the region for staff. The additional funding is provided for both instructional staff and support staff. The State provides the amount in aggregate to each division and gives the divisions the flexibility to determine how best to use the additional funds.

Cost of Competing Identified as Factor Beyond Local Control That Increases Costs

In 1986, the following language was added to the Standards of Quality:

> The General Assembly finds that the quality of education is dependent on the quality of classroom teachers, and that the availability of high quality classroom teachers is related to the salaries offered such personnel.

Standards of Quality (SOQ)

Since 1971, the *Constitution of Virginia* has required the State Board of Education to determine and prescribe standards of educational quality to which local school divisions must adhere. The standards, which apply to the elementary and secondary school levels, address various educational matters, including the ratio of instructional staff to students.

The cost of competing adjustment was recommended in a 1988 JLARC report, which identified pupil equity and tax equity as the two primary goals of the SOQ and concluded that a key aspect of promoting pupil equity was to recognize the unique circumstances beyond local control that increase costs. The cost of competing in regional labor markets was one of three factors identified beyond local control that increase local costs. This cost of competing was found to be separate from tax equity and local ability to pay, and also not related to additional local funds that a locality provides to increase school division employee salaries. The 1988 report included an option to apply the same differential the State provided for its employees in Northern Virginia. At the time, this differential was 12.53 percent.

The current COCA percentages stem from a 1995 JLARC study that included illustrative options to fund the cost of competing. One of these options was the "stratified match" approach, which matched State employee jobs with school division jobs and compared the salaries. The analysis supporting this option concluded that the differential between State employees in Northern Virginia and the rest of the State was, on average, 9.83 percent for instructional positions and 24.61 percent for support positions.

Over time, the State's approach to salaries for State employees in Northern Virginia has changed. The difference, therefore, between

State employee salaries in Northern Virginia and the rest of the State has also changed. Chapter 6 discusses these changes.

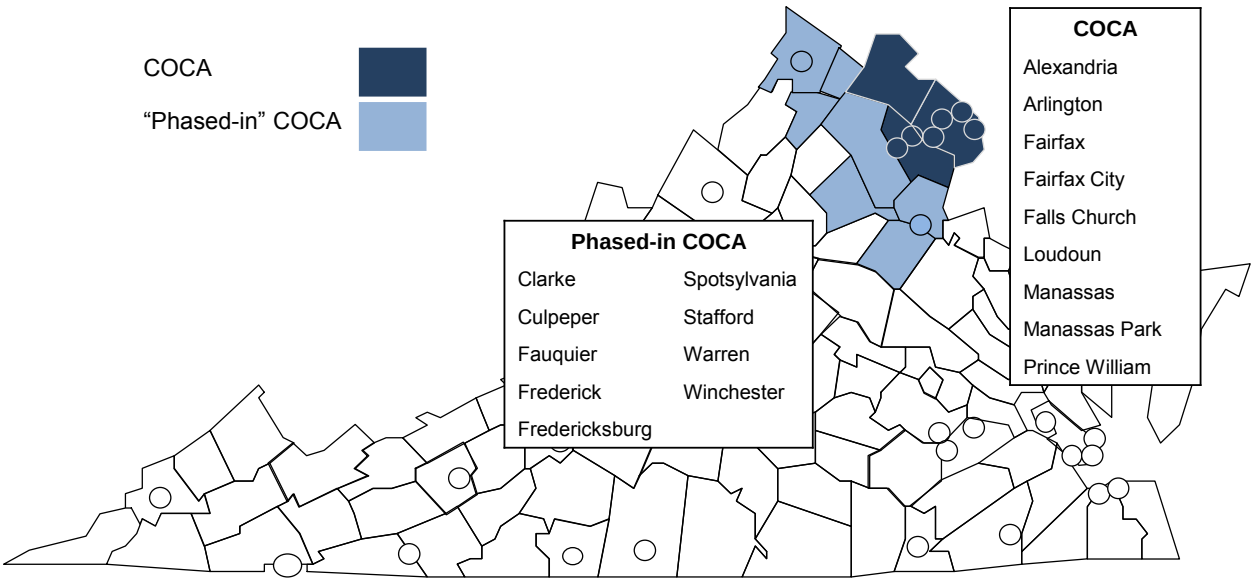
COCA Is Typically 9.83 Percent for Instructional Staff and 24.61 Percent for Support Staff

Since the 1995 JLARC study, the COCA has typically been an additional 9.83 percent for instructional staff salaries and an additional 24.61 percent for support staff salaries. As shown in Figure 1, this COCA has been provided to the nine NoVa divisions that comprise Planning District 8. In 2007, another nine localities adjacent to Planning District 8 were given a "phased-in" cost of competing adjustment of 25 percent of what the Planning District 8 localities receive.

There have sometimes been differences between the typical COCA percentages and what has been proposed and actually provided through the budget. For example, the Governor's 2012-2014 budget proposed removing the COCA for support staff. The 2012 Appropriations Act specifies different COCA amounts for support staff, with the amounts reduced from 22.70 percent in FY 2013 to 9.83 percent in FY 2014 (Table 1).

The COCA percentages and resultant dollar amounts are embedded within the SOQ funding formula. The SOQ formula is calculated for each school division to determine the cost of meeting the standards. The COCA percentages are added to the prevailing

Figure 1: Nine Divisions Receive the COCA and Nine Receive the "Phased-in" COCA



Source: JLARC staff analysis of Appropriations Acts.

Table 1: COCA Amounts for FY 2013 and FY 2014

	FY 2013		FY 2014	
	COCA	Phased-in	COCA	Phased-in
Instructional	9.83%	2.46%	9.83%	2.46%
Support	22.70	5.67	9.83	2.46

Source: JLARC staff analysis of Appropriations Act and data provided by DOE, 2012.

instructional salaries and support staff salaries for the subset of divisions eligible for the COCA. The appropriate State and local share of that funding is then calculated based on each locality's composite index score that measures a locality's ability to provide the funding.

COCA Is Small Portion of Total State Aid, and Also Comprises Small, but Varying, Portion of Aid to NoVa Divisions

For FY 2013, funding to support the State share of the COCA will total $98.6 million. As shown in Table 2, about $68.9 million, or

Table 2: State Provides Varying Amounts to Divisions for Instructional Staff COCA, Totaling $68.9 Million (FY 2013)

	State COCA funding	
School division	Instructional staff	Instructional staff as percent of division's total State SOQ funding
Full COCA (9.83%)		
Fairfax County	$24,034,408	4.23%
Prince William	20,403,203	4.67
Loudoun	11,599,836	4.62
Manassas City	2,022,097	4.79
Arlington	1,993,526	3.82
Alexandria	1,126,638	3.31
Manassas Park	955,802	4.76
Fairfax City	275,222	3.64
Falls Church	191,335	3.69
Full COCA total	**$62,602,067**	
Phased-in COCA (2.46%)		
Stafford	$1,785,952	1.34%
Spotsylvania	1,613,283	1.34
Frederick	876,504	1.32
Fauquier	578,365	1.27
Culpeper	539,131	1.35
Warren	353,639	1.38
Winchester	263,606	1.34
Fredericksburg	128,865	1.22
Clarke	107,193	1.24
Phased-in COCA total	**$6,246,538**	
Total COCA, instructional staff	**$68,848,605**	

Source: JLARC staff analysis of DOE data, 2012.

about 70 percent of the total COCA funding the State provides, will be for instructional staff funding. The remaining 30 percent, or about $29.7 million, will be for support staff funding (Table 3). This total amount the State provides to recognize the COCA will comprise about 1.69 percent of the $5.8 billion in total direct aid the State provides to school divisions.

Even though divisions that receive the COCA receive the same percentage increases, divisions do not receive the same State COCA funding in terms of dollars. This is because the COCA percentage is applied to the amount of SOQ funding for salaries and benefits, which varies across school divisions based largely on the number of students in, and ability to pay of, each division. For example, Fairfax County will receive about $24 million for the instructional staff COCA in FY 2013. This represents 4.23 percent of total State SOQ funding to Fairfax County. In contrast, Manassas City will receive about $2 million, but this will represent 4.79 percent of the divisions' total State SOQ funding.

Table 3: State Provides Varying Amounts to Divisions for Support Staff COCA, Totaling $29.7 Million (FY 2013)

	State COCA funding	
School division	**Support staff**	**Support staff as percent of division's total State SOQ funding**
Full COCA (22.70%)		
Fairfax County	$10,103,298	1.78%
Prince William	9,250,735	2.12
Loudoun	5,213,374	2.08
Manassas City	827,280	1.96
Arlington	774,171	1.48
Alexandria	449,451	1.32
Manassas Park	402,409	2.01
Fairfax City	114,096	1.51
Falls Church	80,535	1.55
Full COCA total	**$27,215,349**	
Phased-in COCA (5.67%)		
Stafford	$774,275	0.58%
Spotsylvania	639,305	0.53
Frederick	360,377	0.54
Fauquier	215,196	0.47
Culpeper	198,790	0.50
Warren	134,211	0.52
Winchester	91,546	0.47
Fredericksburg	45,225	0.43
Clarke	44,423	0.51
Phased-in COCA total	**$2,503,348**	
Total COCA, support staff	**$29,718,697**	

Source: JLARC staff analysis of DOE data, 2012.

The same dynamic is true for the support staff COCA. For example, Fairfax County will receive about $10.1 million for the support staff COCA in FY 2013. This represents about 1.78 percent of total State direct aid funding to Fairfax. In contrast, Falls Church will receive $80,535, which is about 1.55 percent of the division's State funding.

MOST STAFF ARE INSTRUCTIONAL, WITH REMAINDER BEING SUPPORT STAFF WITH WIDELY VARYING SKILLS, QUALIFICATIONS, AND RESPONSIBILITIES

School divisions in Northern Virginia compete with other employers for both instructional and support staff. While instructional staff are relatively well defined in the *Code of Virginia* and by DOE, there is more variation across school divisions in how support staff are defined. Instructional staff also have relatively similar skills, qualifications, and responsibilities, while this varies widely for support staff depending on the specific position.

Instructional Staff Comprise About Two-Thirds of All Division Staffing and Are Primarily Teachers

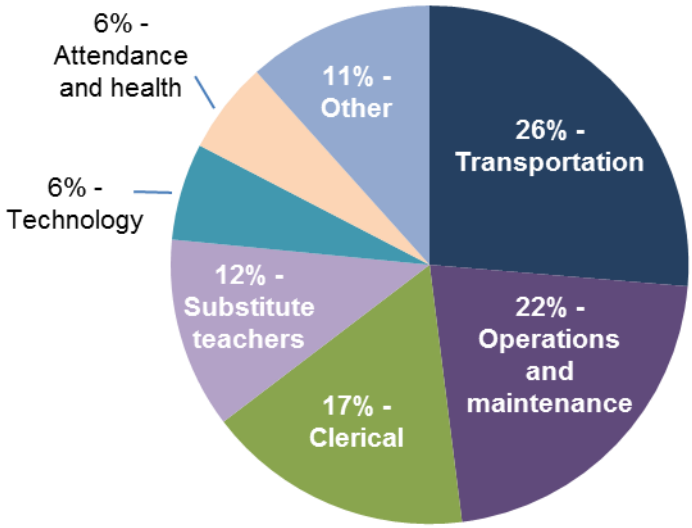
In FY 2011, Virginia school divisions reported full-time equivalent staffing of 191,658. About 127,000 of these, or 66 percent, were classified as instructional staff. Most of these instructional staff were classroom teachers, with school divisions reporting more than 95,000 teachers. Sixteen percent were classroom teacher aides. Divisions reported much smaller numbers of guidance counselors, assistant principals, media librarians, and principals.

Support Staff Comprise About One-Third of Staffing, and Include Health, Technology, Maintenance, and Transportation Positions

Virginia school divisions reported more than 64,500 full-time equivalent support staff. These employees performed a wide range of functions with varying degrees of skills, qualifications, and responsibilities. These employees ranged from bus drivers and custodians to clerical staff and school psychologists.

School divisions reported nearly 17,000 transportation staff, which comprised about one-quarter of total support staffing. The majority of employees in these positions were bus drivers. Divisions also reported almost 14,000 operations and maintenance staff, including maintenance services, and skilled and unskilled trades. Divisions reported 10,750 clerical staff across many different functional areas (Figure 2).

Figure 2: Divisions Reported Nearly 65,000 Support Staff With Wide-Ranging Skills, Qualifications, and Responsibilities



Source: JLARC staff analysis of Annual School Report data, 2011.

AMOUNT OF COCA DOES NOT NECESSARILY RELATE TO AMOUNT ABOVE PREVAILING SALARY THAT A SCHOOL DIVISION PROVIDES IN SALARY

The State gives localities broad latitude in how SOQ funding is spent each year. There is no guarantee that (1) the COCA is used as intended or (2) the salaries actually paid to school division employees are higher than they otherwise would be if the COCA were not recognized. In addition, most divisions, especially those that receive a COCA, provide substantial amounts of local funding beyond their required minimum.

Consequently, irrespective of the purpose of the COCA, its practical effect is providing additional funds to the school division that may or may not result in higher salaries. Divisions that receive a COCA tend to pay higher salaries, but this is likely more of a reflection of their local ability to contribute funding and what the regional labor market dictates they pay.

Using elementary school teacher salaries as an example, each division that receives the 9.83 percent COCA for instructional staff paid elementary teachers considerably more than that same amount above the prevailing salary. Applying the COCA to the 2011 prevailing salary for elementary school teachers of $43,904 results in a salary of $48,220. However, divisions that receive the full COCA paid elementary school teachers, on average, $60,711.

This is 26 percent higher than the prevailing salary plus the 9.83 percent COCA.

Applying the phased-in COCA to the 2011 prevailing salary for elementary school teachers results in a salary of $44,984. Divisions that receive the phased-in COCA paid elementary school teachers, on average, $49,422. This is about ten percent higher than the prevailing salary plus the 2.46 percent phased-in COCA. One division that receives the phased-in COCA pays not only below the prevailing salary plus the phased-in COCA, but also slightly below the prevailing salary itself. In fact, the average salary in only one division that receives the phased-in COCA is approximately the same as what the calculations would suggest.

Chapter 2

Northern Virginia Has a More Competitive Labor Market Than Rest of State

In Summary

Some of the original justification for the cost of competing adjustment was based on the fact that school divisions in Northern Virginia must recruit and retain employees in a labor market that is more competitive than the rest of the State. Based on a variety of indicators, this still appears to be the case. For example, the average hourly wage in the Washington, D.C. area is 36 percent higher than the region of the State with the second highest hourly wages. The Washington, D.C. area also has the second highest hourly wages in the education field and the second lowest unemployment rate among regions of the State. For these two measures, the Charlottesville area has slightly higher average educational wages and slightly lower unemployment. Finally, the cost of living in Virginia localities near Washington, D.C. is 25 percent higher than the next most expensive region of the State, which is Hampton Roads. An employee paid $48,000 in salary in Hampton Roads would have to be paid $64,000 per year to maintain the same standard of living in the Washington, D.C. area.

Some of the original justification for the cost of competing adjustment rested on the fact that school divisions in Northern Virginia had to recruit and retain employees in a labor market that was more competitive than other labor markets in the State. Three readily available and relevant measures of the competitiveness and cost of the State's regional labor markets are (1) wages paid, (2) unemployment, and (3) cost of living.

Washington, D.C. MSA and Urban Area

This chapter refers to two similar groupings of localities around Washington, D.C. The first grouping is the Washington, D.C. Metropolitan Statistical Area (MSA), which the U.S. Bureau of Labor Statistics uses to calculate, among other figures, wages and unemployment. The second grouping is the Washington D.C.-Alexandria-Arlington urban area, which the U.S. Census Bureau uses to calculate the cost of living.

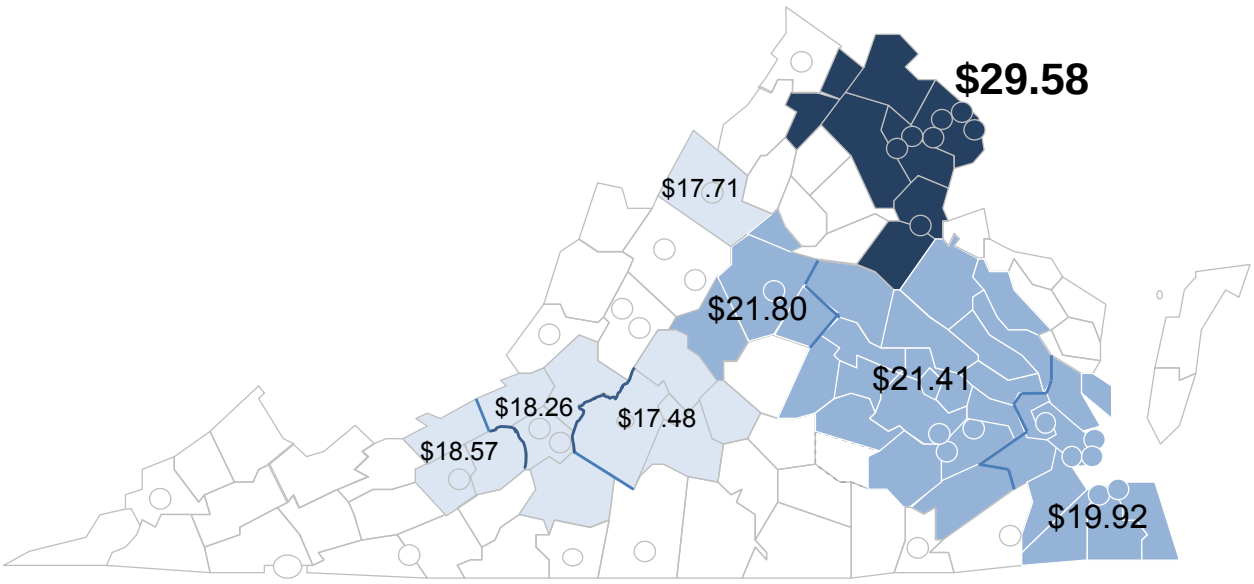
WAGES ARE GENERALLY HIGHER IN WASHINGTON, D.C. AREA, BUT NOT FOR ALL OCCUPATIONS

The average wages paid within a metropolitan area are a general measure of the cost of competing with other employers to recruit and retain staff. The U.S. Bureau of Labor Statistics (BLS) collects data on wages that employers pay to employees in certain occupations. The BLS collects and publishes this information for eight Metropolitan Statistical Areas (MSAs) within Virginia.

Washington, D.C. Area Employers Pay Substantially Higher Hourly Wages Than Employers in Other Areas of Virginia

Employers located in the Washington, D.C. MSA pay, on average, $29.58 per hour (Figure 3). This is 36 percent higher than the Charlottesville area, 38 percent higher than the Richmond area, and 48 percent higher than the Virginia Beach–Norfolk–Newport News MSA.

Figure 3: Average Hourly Wages in the Washington, D.C. MSA Are 36 Percent Higher Than in the Charlottesville Area, Which Has the Second Highest Wages



Note: Wages shown are mean hourly earnings of all occupations included. Occupations are: education, training, and library; office and administrative support; construction and extraction; sales and related; healthcare practitioner and technical; food preparation and serving related; production; installation, maintenance, and repair; and transportation and material moving.

Source: Selected BLS Economic Indicators, U.S. Bureau of Labor Statistics, March 2012.

Charlottesville Area Employers Pay the Most for Education, Training, and Library Employees, but Washington, D.C. Area Employers Pay the Most for All Other Occupations Measured

Some of the occupations included in the mean hourly wage calculations shown above are not as applicable to school divisions. Construction and extraction, sales, and production occupations all perform work that is not routinely performed by school division employees. The wages employers pay to these types of employees, therefore, can be excluded to provide a more meaningful perspective on wages for positions that more closely align with those required by local school divisions.

The majority of local school division employees perform work that is most similar to the education, training, and library hourly wage data collected by BLS. While there are more precise measures of wages paid by school division employees (discussed in Chapter 4), the hourly wages offered for similar types of work in a given area provide some insight into how much an employer looking for employees with those skills might need to pay.

For education, training, and library employees, employers in Charlottesville pay $30.73 per hour, which is slightly more than the $28.72 paid by employers in the Washington, D.C. area. The third

highest wage for education, training, and library work is paid by employers in the Blacksburg area, with Harrisonburg-area employers paying the fourth highest.

School divisions also hire large numbers of employees who perform work that is similar to the following occupations: transportation and material moving; installation, maintenance, and repair; and office and administration support. For each of these three occupations, employers in the Washington, D.C. area pay more than in any other area of the State. For example, employers in the Washington, D.C. area pay office and administrative support staff $18.97 per hour, which is about 17 percent more than employers in the second highest paying area, Richmond.

UNEMPLOYMENT RATE TENDS TO BE LOWER IN THE CHARLOTTESVILLE AREA AND NORTHERN VIRGINIA

The unemployment rate within a metropolitan area and in each locality is also a way to consider the relative competitiveness of the State's regional labor markets. While there are more precise measures directly related to school division employment (discussed in Chapter 3), the unemployment rate provides some indication of the size of the pool of available workers. BLS collects data on the number of unemployed individuals each month, and publishes this data for MSAs and each county and city in Virginia.

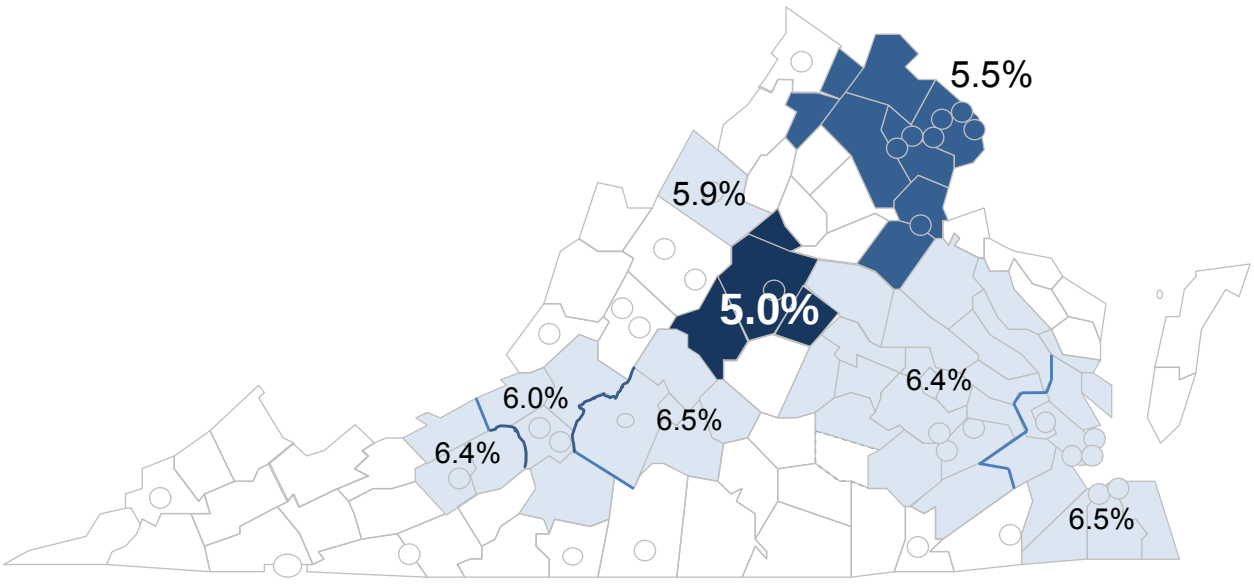
Six of the ten Virginia localities with the lowest unemployment rate were in the Washington, D.C. area.

According to BLS, the Charlottesville area had the lowest unemployment rate of all MSAs in the State as of August 2012 (Figure 4). Five percent of individuals seeking work in the Charlottesville area were counted as unemployed. The Washington, D.C. area had the second lowest unemployment rate at 5.5 percent. Six of the ten Virginia localities with the lowest unemployment rate were in the Washington, D.C. area. The remaining MSAs had unemployment rates above Virginia's average of 5.8 percent. The Lynchburg area and Virginia Beach–Norfolk–Newport News area had the highest unemployment rate, which was 6.5 percent.

There is wide variation in the unemployment rate in each locality. For example, local unemployment in the Charlottesville area ranged from 4.5 percent in Fluvanna to 6.2 in the City of Charlottesville. Similarly, local unemployment in the Washington, D.C. MSA ranged from 3.5 percent in Arlington County to 8.3 percent in the City of Fredericksburg.

Several localities in other areas have notably low unemployment, such as Goochland County at 4.2 percent and James City County at 4.7 percent. Additionally, small cities in the southern part of the State tend to have among the highest unemployment rates. Seven

Figure 4: Charlottesville Area Had the Lowest Unemployment Rate, Followed by the Washington, D.C. Area



Note: Statewide average unemployment rate was 5.8 percent in August 2012.

Source: Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics, August 2012.

of the ten localities with the highest unemployment are cities, including Martinsville, Emporia, Franklin, and Danville.

The most recent recession pushed unemployment up across the State from historically low numbers. Virginia's unemployment rate was 3.2 percent in August 2006, rose substantially during the recession, and now stands 81 percent higher. Certain cities, especially those in Northern Virginia, saw even more substantial increases. The cities of Manassas, Falls Church, Fairfax, Fredericksburg, and Alexandria each experienced a more than doubling of their unemployment rates since August 2006.

COST OF LIVING IS SUBSTANTIALLY HIGHER IN WASHINGTON, D.C. AREA THAN REST OF VIRGINIA

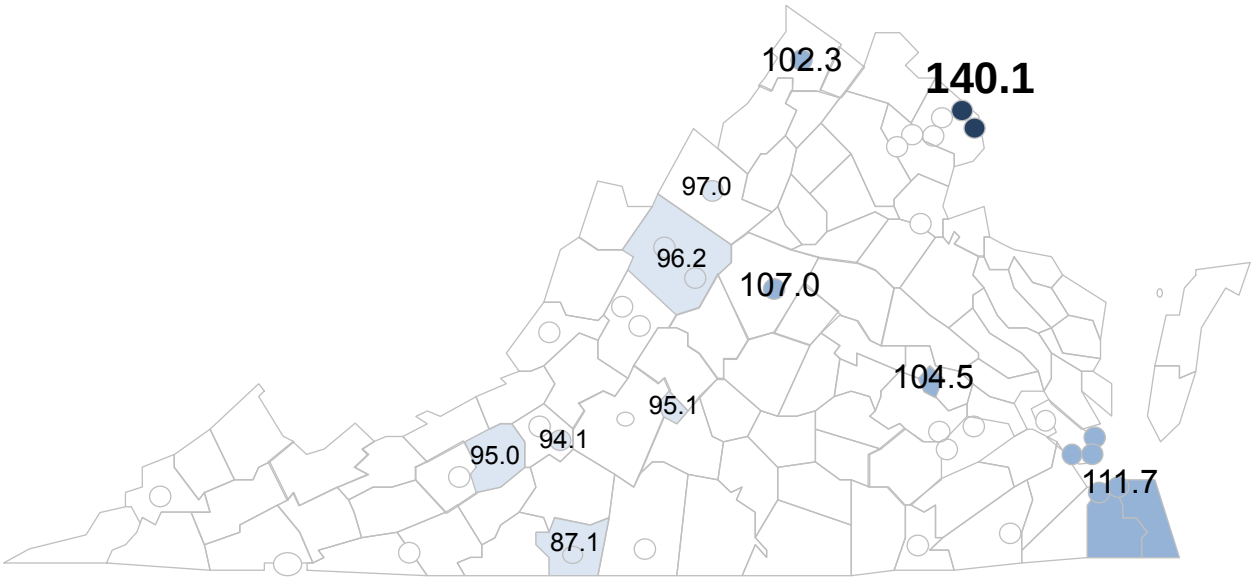
The cost to live in a given geographic area is another measure that can provide some insight into the competitiveness of the labor market. The cost of living, however, is not necessarily associated with how competitive a given labor market is. In certain cases, a higher cost of living may be driven by a workforce comprised of more skilled and/or more highly-compensated workers. In other cases, the higher compensation provided may contribute to the higher cost of living. Regardless of the direction of the relationship, both employers and employees frequently use the differences in cost of living between two areas to compare how much salary would be needed to maintain a similar standard of living. It is gen-

erally more expensive to live and work in an area with a high cost of living and generally less expensive in an area with a low cost of living.

The U.S. Census Bureau calculates a cost of living index. The index is comprised of housing, grocery items, transportation, utilities, healthcare, and other goods and services. The Census Bureau calculates a nationwide cost of living and uses that cost as the benchmark cost with an index score of "100." The Census Bureau publishes a cost of living index for 11 urban areas in Virginia.

The Washington, D.C. urban area has a cost of living index of 140.1 (Figure 5). This means that it costs about 40 percent more to live in this area than it does, on average, nationwide. In relative terms, the Washington, D.C. urban area is 25 percent more expensive than the Hampton Roads area. It is also 31 and 34 percent more expensive than the Charlottesville and Richmond areas, respectively. Therefore, an employee being paid about $42,000 per year in the Richmond area would have to be paid about $64,000 per year in the Washington, D.C. urban area to maintain the same standard of living. The same employee would have to be paid about $44,000 in Charlottesville and about $48,000 in Hampton Roads.

Figure 5: Cost of Living in Washington, D.C. Urban Area Is About 25 Percent Higher Than the Next Most Expensive Area, Hampton Roads



Note: The nationwide average cost of living is set at 100. Each index score shown is relative to that average and can be interpreted as a percentage of the nationwide average cost of living.

Source: JLARC staff analysis of Table 728, Statistical Abstract of the United States, 2012, U.S. Census Bureau.

While cost of living can be periodically used to inform analyses such as in this report, it is different from the annual change in consumer prices. The annual change in the Consumer Price Index (CPI) is not a particularly applicable measure to apply to the cost of competing. Rather, the annual change in CPI is more applicable for analyses that seek to determine how much budgets or salaries could be increased each year to keep pace with annual price increases.

Chapter 3

Majority of Northern Virginia Divisions Are Able to Recruit and Retain High Quality Staff

In Summary

The cost of competing adjustment was intended to compensate divisions for the higher costs of staffing in Northern Virginia, but not to directly address recruiting and retention problems. However, the ability of divisions to recruit and retain in the current economy does provide some useful context. In this respect, most divisions reported staff turnover of ten percent or less in FY 2012. Statewide, most divisions also reported they are satisfied with the staff they are able to recruit and retain. For example, the majority of Northern Virginia school divisions reported instructional staff applicant pools were sufficiently large. These divisions also reported that the applicants for most instructional positions were of sufficiently high quality. However, there are certain instructional positions, such as guidance counselors, and certain support positions, such as school nurses and bus drivers, for which divisions statewide and in Northern Virginia reported having a more difficult time recruiting and retaining quality staff. Statewide, the majority of divisions reported that only some or few of the applicants for instructional positions who reject their job offers do so because another employer has offered them more compensation. While divisions are generally able to recruit and retain most staff right now, they expressed concern that this may not be the case if the economy improves.

The cost of competing adjustment was intended to compensate divisions for the higher costs of staffing in Northern Virginia, but was not intended to directly address recruiting and retention problems. There are many issues, such as the attractiveness of certain parts of the State to prospective employees or an inadequate supply of people with certain high-demand skills, which affect the ability of a school division to recruit and retain. These issues are separate from what the cost of competing was intended to address, which is that certain divisions in Northern Virginia have to compete with other employers in a higher cost region of the State. The cost of competing adjustment is to essentially reimburse certain divisions for these costs that they are already incurring, but not necessarily provide additional funds to directly address recruiting and retention difficulties.

JLARC Staff Survey of School Divisions

JLARC staff surveyed school divisions in Virginia to assess their ability to recruit and retain instructional and support staff. Of the State's 134 divisions, 100 submitted responses, resulting in a 75 percent response rate.

Despite the fact that the COCA is not necessarily intended to directly address recruiting and retention problems, the ability of divisions to recruit and retain in the current economy provides helpful context. However, the Virginia Department of Education (DOE) does not regularly collect recruiting and retention information by position from each school division. To collect this information, JLARC staff surveyed school divisions to better understand their

ability, both collectively and individually, to recruit and retain staff. Appendix B provides more information about this survey.

SCHOOL DIVISIONS ARE GENERALLY ABLE TO RECRUIT AND RETAIN HIGH QUALITY INSTRUCTIONAL STAFF

Instructional staff represent the majority of school division staffing. The *Code of Virginia* identifies teachers, teacher aides, homebound instructional staff, guidance counselors, media librarians, principals, and assistant principals as instructional staff. Teachers, of which there are about 95,000 statewide, are by far the largest group of instructional staff.

School Divisions Primarily Compete With Each Other for Instructional Staff

According to survey responses, the primary competitors for instructional staff are surrounding school divisions in Virginia. In fact, only two divisions indicated that their primary competitors were divisions in other states, and another indicated its primary competitor for instructional staff was private employers. The remaining 97 divisions that responded reported they primarily compete with each other for instructional staff. In terms of other competitors, about one-third of responding divisions cited school divisions in other states. About one-fifth of responding divisions cited private schools and one-fifth cited private employers.

Most School Divisions Have Instructional Staff Turnover Below Ten Percent and Equal to Similar State Job Role Turnover

Statewide, most divisions have manageable turnover for instructional positions (Figure 6). This suggests that generally, divisions are able to effectively maintain a sufficient instructional workforce in the current economy. According to DOE, the instructional personnel turnover rate (excluding principals and assistant principals) for the 2010–2011 school year was 8.8 percent. The JLARC staff survey yielded similar results. The majority of school divisions reported instructional staff turnover for FY 2012 of less than ten percent. Fourteen divisions reported instructional staff turnover of between 11 and 15 percent. Only three reported turnover of 16 percent of more. Five of the divisions that receive the COCA (Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park) reported turnover of 11 percent or more.

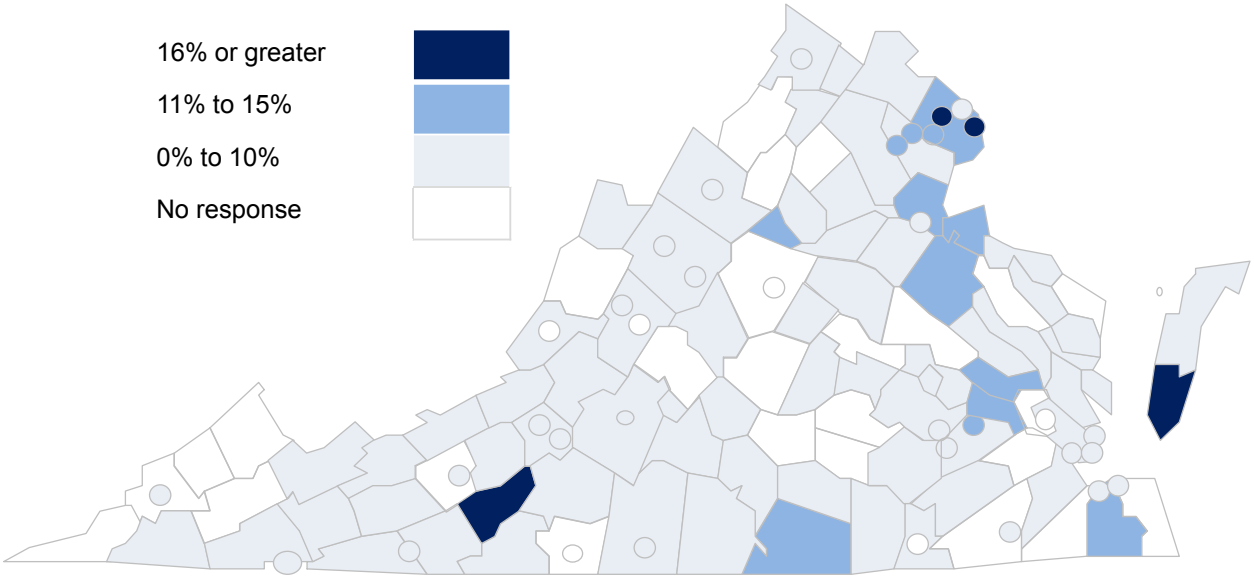
Five of the divisions that receive the COCA reported turnover of 11 percent or more.

Turnover in National Education Services Sector

According to the U.S. Bureau of Labor Statistics, the national turnover rate for all employees within the education services sector was 25.5 percent in 2011.

For comparison, annual turnover for State employees with similar instructional responsibilities is about equal to what school divisions report for instructional staff. Turnover for State employees in the trainer and instructor job roles was between eight and ten percent. Turnover for State employees in the education administrator job role was about 9.5 percent.

Figure 6: Most Divisions Reported Instructional Staff Turnover of Ten Percent or Less



Source: JLARC staff survey of school divisions, 2012.

Most School Divisions Report Sufficient Applicant Pools of Quality Teachers, With More Variation for Other Instructional Positions

Statewide, most divisions also report they are satisfied with the instructional staff they are able to recruit and retain at current salaries provided. Eighty percent of responding divisions indicated their instructional staff applicant pools were of sufficient size. Eighty-four percent also reported their applicants were of sufficiently high quality. Nearly all responses indicated divisions were able to hire instructional staff within three months or less after advertising the position.

Divisions that receive the COCA and phased-in COCA were also generally satisfied with their instructional staff, although divisions receiving the phased-in COCA were somewhat less satisfied. For example:

- Seventy-five percent of divisions receiving the COCA and 68 percent of divisions receiving the phased-in COCA indicated their applicants pools were of sufficient size.

- Eighty-nine percent of divisions receiving the COCA and 77 percent of divisions receiving the phased-in COCA indicated their applicants were of sufficiently high quality.

A few NOVA divisions (Prince William, Fauquier, and Stafford) did cite an inability to compete with other employers for teachers. In fact, Fauquier reported that it was unable to compete, that its teaching applicants are typically of insufficient quality, and its applicant pool is too small to fill teaching positions.

The Majority of Teachers Across the State Teach in Their Endorsed Areas. A teacher's license identifies the specific subject or grade level that the certificate holder is authorized to teach. These subjects are called endorsed areas. A teacher can be endorsed in one or more subject areas. For example, chemistry classes should be taught by teachers endorsed in the subject of chemistry. Though fully measuring teacher quality is difficult, the percentage of classes taught by teachers endorsed in the subject area is one indicator that provides insight into whether divisions can recruit and retain quality teachers.

According to DOE, statewide more than 99 percent of class sections are taught by teachers endorsed for the subject area in which they are teaching. Within certain divisions, however, this percentage is not as high. For example, Charles City County has more than 12 percent of its teachers currently teaching outside of their endorsed subject areas. Among Northern Virginia school divisions, Manassas has the highest percentage of teachers teaching outside their endorsed area at about three percent.

There Is More Variation Among Northern Virginia Divisions When Considering Instructional Positions Other Than Teachers. Divisions in Northern Virginia generally reported insufficiently sized applicant pools for some other instructional positions. These included guidance counselors, media librarians, and principals. Several divisions also expressed concern about the quality of the applicant pool for these instructional positions. Across all divisions receiving the COCA, Fauquier reported the most difficulty recruiting instructional staff. Of the seven instructional positions included in the JLARC staff survey, Fauquier reported it was unable to compete in five instructional position areas. It also reported that many of the applicants for these five positions were of insufficient quality. Appendix C includes more detailed information about instructional staff applicant pool size and quality.

SCHOOL DIVISIONS ARE GENERALLY ABLE TO RECRUIT AND RETAIN QUALITY STAFF FOR MOST SUPPORT POSITIONS

While support staff represent less than one-third of school division staff, they still perform essential functions that directly impact the educational attainment, wellbeing, and safety of students. Support staff positions range from bus drivers and custodians to clerical staff and school psychologists. JLARC staff asked school divisions

about ten support position categories on the survey. These positions represent about three-quarters of all support staff.

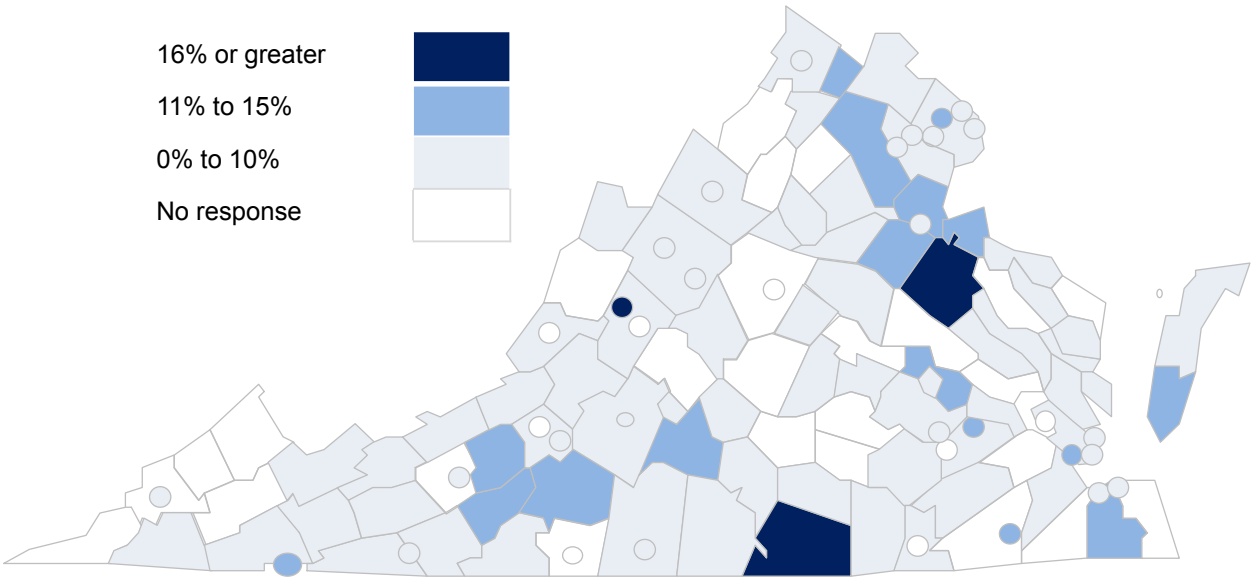
School Divisions Primarily Compete with Each Other and Private Sector Employers for Support Staff

About half of school divisions reported that, as with instructional staff, their primary competitors for support staff are surrounding school divisions in Virginia. Almost all the remaining divisions cited private sector employers as their primary competitor for most support staff positions. Several divisions also cited school divisions in other states, private schools, State agencies, and the federal government as other competitors for certain support positions.

Most School Divisions Have Support Staff Turnover Below Ten Percent

Statewide, most divisions have manageable turnover for most support staff positions (Figure 7). This suggests that generally, divisions are able to effectively maintain a sufficient support staff workforce at current salary levels. The majority of divisions reported support staff turnover for FY 2012 of ten percent or less. Seventeen divisions reported turnover of between 11 and 15 percent. Only three divisions reported support staff turnover of 16 percent of more--none of which were in Northern Virginia. Seven of the nine divisions that receive the COCA reported support staff turnover of ten percent or less. Five divisions that receive a phased-in COCA reported support turnover of ten percent or less.

Figure 7: Most Divisions Reported Support Staff Turnover of Ten Percent or Less



Source: JLARC staff survey of school divisions, 2012.

For comparison, annual turnover for State employees with similar responsibilities is within the range reported by school divisions. For example, turnover of State employees in the administrative and office specialist job roles—which is similar to many school division clerical positions—was between three and eight percent. Additionally, turnover among State employees in the transportation operator job role—which is similar to school division transportation operative (or bus driver) position—was about six percent.

Turnover in National Business Sector

According to the U.S. Bureau of Labor Statistics, the national turnover rate for all employees within the professional and business services sector was 56.6 percent in 2011. Turnover within the transportation, warehousing, and utilities sector was 33 percent.

Most Divisions Report Sufficient Applicant Pools of Quality Support Staff, Though They Struggle to Recruit and Retain Certain Positions

Statewide, most divisions also report they are satisfied with the support staff they are able to recruit and retain. Seventy-seven percent of division responses indicated their support staff applicant pools were of sufficient size. Seventy-nine percent also reported their applicants for support staff positions were of sufficiently high quality. As with instructional staff, nearly all divisions reported they were able to hire support staff within three months or less after advertising the position.

Divisions that receive the COCA and phased-in COCA were also generally satisfied with their support staff. For example

- Seventy-eight percent of divisions receiving the COCA, and 74 percent of divisions receiving the phased-in COCA, indicated their support staff applicant pools were of sufficient size; and

- Eighty-one percent of divisions receiving the COCA, and 74 percent of divisions receiving the phased-in COCA, indicated their support staff applicants were of sufficiently high quality.

Divisions in Northern Virginia did cite some difficulty recruiting and retaining three specific support positions: school nurses; transportation operatives (or bus drivers); and operations and maintenance, trades. For example, Loudoun, Culpeper, Spotsylvania, and Stafford reported that applicant pools for the school nurse position were usually not large enough. The majority of Northern Virginia divisions also reported an insufficiently sized applicant pool and applicants of insufficient quality for the bus driver position. Additionally, Fairfax County, Manassas Park, Culpeper, and Fredericksburg reported an inability to compete with other employers for those in the operations and maintenance, trades position category. As with instructional staff, Fauquier reported the most difficulty, reporting it was unable to compete in six of the ten support position categories analyzed. Appendix D includes more

detailed information about support staff applicant pool size and quality.

SALARIES, BENEFITS, AND ECONOMIC CONDITIONS PLAY AN IMPORTANT ROLE, AMONG OTHER FACTORS, IN WHETHER SCHOOL DIVISIONS CAN EFFECTIVELY RECRUIT AND RETAIN

National studies have found that a variety of factors ultimately influence whether a school division is able to effectively recruit and retain quality staff. In fact, the most frequently cited reason for teachers who change schools, but continue teaching, is a change in residence or desire to work in a school located closer to their home. Other reasons frequently cited for changing employers is dissatisfaction with the school administration or student disciplinary problems. Other issues, in particular changing economic conditions, can also be important factors.

Few Divisions Report Applicants Reject Job Offers Because Another Employer Is Offering Higher Compensation

Despite the key factors noted above, compensation does play an important role recruiting and retaining quality staff. Statewide, just less than 20 percent of the responding divisions reported that most instructional applicants who do not accept employment offers do so because another employer is offering more compensation. Only one of the divisions that receive the COCA (Prince William) and one division that receives the phased-in COCA (Culpeper) reported this. The majority of divisions, therefore, reported that in only some or few of the cases do instructional applicants reject job offers to accept more lucrative job offers from other employers.

There were even fewer divisions that indicated applicants to whom they offered support jobs rejected the offer because another employer would pay them more. Sixteen percent of the responding divisions reported that most support applicants who do not accept employment offers do so because another employer is offering more. As with instructional staff, only Prince William and Culpeper reported this. The remaining majority of divisions indicated that only some or few of the applicants who reject their offers of employment in a support position do so because another employer has offered them more compensation.

Unemployment Rate May Play Some Role, but Cannot Be Used to Measure the Relative Need for the Cost of Competing

The request for this study asked that JLARC staff evaluate "whether relative unemployment rates can help improve the measurement of how difficult certain positions are to fill …". Unemployment rates are reported monthly for each locality. However, no local unemployment rates are reported by either the U.S. Bu-

reau of Labor Statistics or the Virginia Employment Commission for occupations that closely align with the types of employees needed by school divisions.

JLARC staff attempted to address this portion of the request letter about unemployment using two different methods. The first method was to attempt to correlate the level of general unemployment in a given locality with the level of salaries that school divisions offer. The purpose of this analysis was to test whether the level of general unemployment could be used as a more frequently-reported and reliable proxy for assessing which localities could receive a cost of competing adjustment.

This first analysis did not find any reliable relationship between the level of salaries offered by school divisions and the unemployment rate in the same locality. The lack of a reliable relationship is likely partly attributable to the confounding factor that a locality's general unemployment rate includes many types of workers, such as those in the retail or hospitality industries, which are not relevant for school divisions.

The second method JLARC staff used to address this issue was to ask school divisions whether, based on their experience, the general unemployment rate is related to their ability to recruit and retain school division staff. Most school divisions reported that their ability to recruit and retain school division staff was not closely related to the level of general unemployment or it is unclear if such a relationship exists. Only about one-third of school divisions believed that the higher the general unemployment rate, the lower their turnover was for instructional staff. About half of divisions believed this relationship held true for support positions.

Benefits Provided and Stagnant Economy Also Currently Facilitate School Divisions' Ability to Recruit and Retain Staff

Though not directly within the scope of this review, two factors that affect the ability of divisions to recruit and retain staff were frequently cited during interviews with school division staff. The first factor was the important role that the benefits packages offered by divisions play in whether they are able to recruit and retain teachers. To this end, the vast majority of school divisions reported their retirement and health benefits were similar to, or more valuable than, what their competitors offer.

Most school divisions participate in the Virginia Retirement System. On the one hand, this provides school division employees portability of their service across divisions. This has the effect of actually making it easier for employees to leave one school division and take a job with another. On the other hand, the defined benefit

structure of most school division plans encourages employees to stay within the system and not seek private employment.

The second factor is general economic conditions. The stagnant economy on the heels of the 2007 to 2009 recession likely makes the stability of school division employment particularly attractive. Several school division administrators indicated that though they are generally able to effectively recruit and retain staff at current salary levels, they are worried this will not be the case if private sector employment increases. This underscores the importance of periodically re-assessing the need for, and amount of, the COCA as economic conditions change.

Chapter 4

Most Northern Virginia Divisions Pay Higher Salaries Than Rest of State, Though to Varying Degrees

In Summary

Comparing salaries across divisions reveals that Northern Virginia (NoVa) school divisions tend to offer salaries above, and in some cases far above, salaries offered by divisions in the rest of the State. This further confirms that the labor market in which NoVa school divisions must recruit and retain staff is more competitive than the rest of the State. The nine divisions that receive the COCA tend to pay instructional salaries within a relatively close range of each other, suggesting that these divisions operate in a relatively similar labor market for instructional staff. However, the nine divisions that receive the phased-in COCA pay instructional salaries that vary more widely, which suggests there is greater differentiation among these divisions. Divisions that receive the COCA tend to pay instructional salaries below the Washington, D.C. market area average, which includes the District of Columbia and part of Maryland. Similar trends exist for support staff salaries, though there is again greater variation.

The ability of school divisions to recruit and retain staff as discussed in Chapter 3 is in part reflective of the current salaries that school divisions pay. In fact, the current salaries provided to employees is perhaps the best indicator of what the "market" dictates that school divisions must offer to recruit and retain a sufficiently qualified workforce. School divisions in Northern Virginia indicated they primarily compete with each other for staff. These divisions also indicated that they compete for employees with school divisions in Maryland and Washington, D.C., as well as private sector employers who seek workers for certain occupations, such as administrative support, information technology, or maintenance.

MOST NoVa DIVISIONS PAY INSTRUCTIONAL SALARIES THAT ARE HIGHER THAN OTHER VIRGINIA DIVISIONS, WITHIN RANGE OF EACH OTHER, AND GENERALLY BELOW THE WASHINGTON, D.C. AREA MARKET AVERAGE

JLARC staff compared the average instructional salaries paid by Northern Virginia (NoVa) school divisions to the State's other divisions. Staff used data that school divisions submit to the Virginia Department of Education (DOE) through the Annual School Report (ASR) to calculate and compare these salaries. Staff then compared these average school division salaries to the average salaries for similar or identical positions published by the U.S. Bureau of Labor Statistics for the Washington, D.C. Metropolitan Statistical Area (MSA). This MSA includes Northern Virginia, as well as Washington, D.C. and part of Maryland. Appendix B pro-

vides more information about how these average salaries were calculated and how they were compared across divisions and to the Washington, D.C. MSA average.

ASR Categorization Could Explain Some Salary Differences

Each school division is responsible for assigning their employment and salary data to the appropriate position categories on the ASR. DOE provides some guidance to divisions on how to categorize this data, but indicated that divisions may not always categorize data the same way. For this analysis, JLARC staff assumed most divisions coded their ASR data in a similar manner, but if some divisions coded their data differently, this could explain some of the variances in average salary levels.

Most Divisions That Receive the COCA, and Some Divisions That Receive the Phased-in COCA, Pay Higher Instructional Salaries Than Divisions in the Rest of the State

On average, divisions receiving the COCA pay higher average salaries to instructional staff than divisions that do not receive the COCA. Divisions receiving the COCA pay, on average, 38 percent more for instructional staff than divisions in the rest of the State. Divisions receiving the phased-in COCA pay eight percent more than the rest of the State, on average.

On a division- and instructional position-specific basis, all the divisions receiving the COCA provide instructional salaries that are higher than the average instructional salaries in divisions not receiving the COCA. The average salaries for teachers in Arlington and Alexandria, for example, are almost 50 percent, or $22,000, more than the average teacher salary in the rest of the State. Arlington pays teacher aides 76 percent, or $12,405, more than divisions in in the rest of the State.

In divisions receiving the phased-in COCA, instructional salaries are generally closer to instructional salaries in the divisions not receiving the COCA, and some instructional salaries in phased-in divisions are actually lower than salaries in divisions not receiving the COCA. Teacher salaries in Fauquier and Stafford, for example, are 17 and 13 percent more than the average for the rest of the State, respectively. However, teacher salaries in most of the other divisions receiving the phased-in COCA are much closer to the average in the rest of the State (within three percent or less of the teacher salaries in the rest of the State). For some other instructional positions, salaries in the phased-in COCA divisions are actually lower than the average in the divisions not receiving the COCA. At least three instructional positions in Clarke and Culpeper have salaries that are lower than the average in the divisions not receiving the COCA. Clarke, for example, pays teacher aides 14 percent (or $2,400) less than the average in the rest of the State, and Culpeper pays guidance counselors 14 percent (or $7,100) less than the average in the rest of the State.

If salaries offered are a good indicator of what divisions need to pay to recruit and retain qualified staff, then the fact that NoVa school divisions generally offer higher salaries than the rest of the state is consistent with other indicators that suggest the labor market in Northern Virginia is more. This further confirms the

original justification for providing a cost of competing adjustment to divisions in Northern Virginia.

Given the long period of time for which the State has provided the COCA, disentangling the effect the COCA has on the ability of divisions to pay higher salaries is not possible. However, given that the COCA amount comprises a relatively small portion of total State aid for K-12 (as noted in Chapter 1), it seems reasonable to conclude that the higher salaries localities pay are more a reflection of what they need to pay to recruit and retain staff, and less a reflection of what the additional COCA funds enable them to pay.

Divisions Receiving the COCA Pay Instructional Salaries Generally Within Ten Percent of Each Other

Definitions of "Substantially" Above and Below

For the analysis in this chapter, a division is defined as having a salary within the average range if its average salary is 90 percent to 110 percent of the average salary for their COCA type. A salary below 90 percent is considered substantially below the average, and a salary above 110 percent is considered substantially above the average.

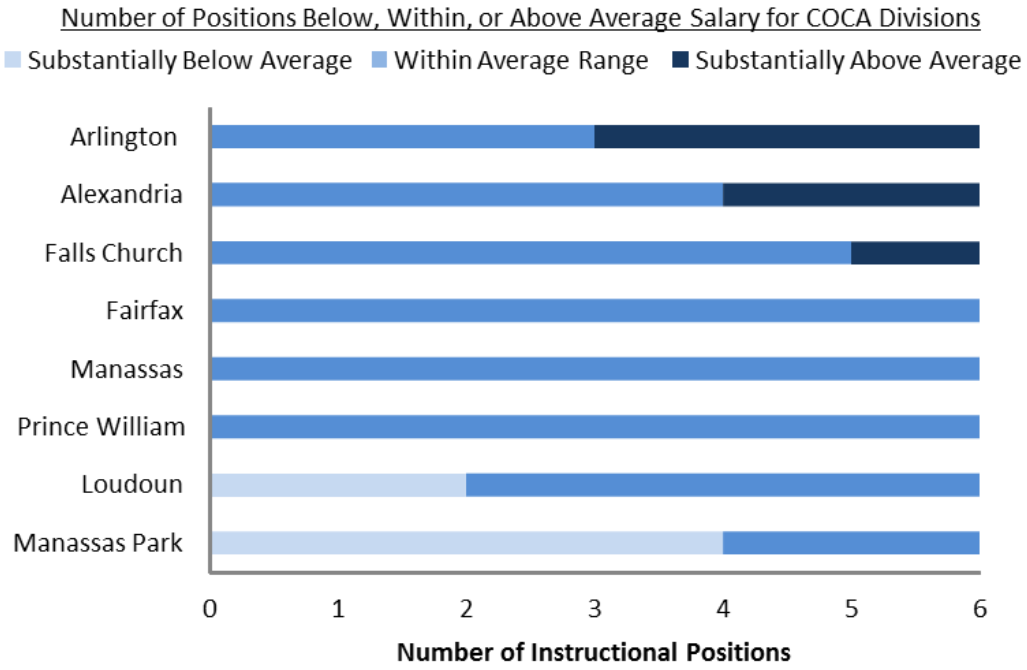
Divisions receiving the COCA tend to pay instructional salaries that are generally close to each other, with a few exceptions. There are eight divisions (excluding Fairfax City which reports its salary data with Fairfax County) that receive the COCA. JLARC staff calculated and compared average salaries for the six instructional positions that comprise the vast majority of school division staffing in these divisions: classroom teachers, teacher aides, media librarians, guidance counselors, principals, and assistant principals. This results in 48 possible comparisons of instructional position salaries across COCA divisions.

As shown in Figure 8, these eight divisions pay salaries within ten percent of each other for most instructional positions. The average salaries paid for all divisions for these positions, therefore, can be considered within a competitive range of each other.

Three divisions had at least one instructional position with an average salary that was substantially above (see sidebar) the average for COCA divisions: Arlington (three positions), Alexandria (two positions), and Falls Church (one position). Alexandria, for example, pays teachers 11 percent more than the COCA average, and pays guidance counselors 17 more than the average.

Two divisions receiving the COCA paid salaries that were substantially below the COCA average for some instructional positions: Loudoun and Manassas Park. More than half of the instructional positions in Manassas Park had salaries that were substantially lower than the COCA average. Manassas Park paid 30 percent less than the COCA average for teacher aides, 11 percent less for guidance counselors, 15 percent less for librarians, and 17 percent less for assistant principals.

Figure 8: Average Instructional Salaries in Most COCA Divisions Are Within Range of Each Other



Source: JLARC staff analysis of 2011-2012 Annual School Report Financial Section data provided by DOE.

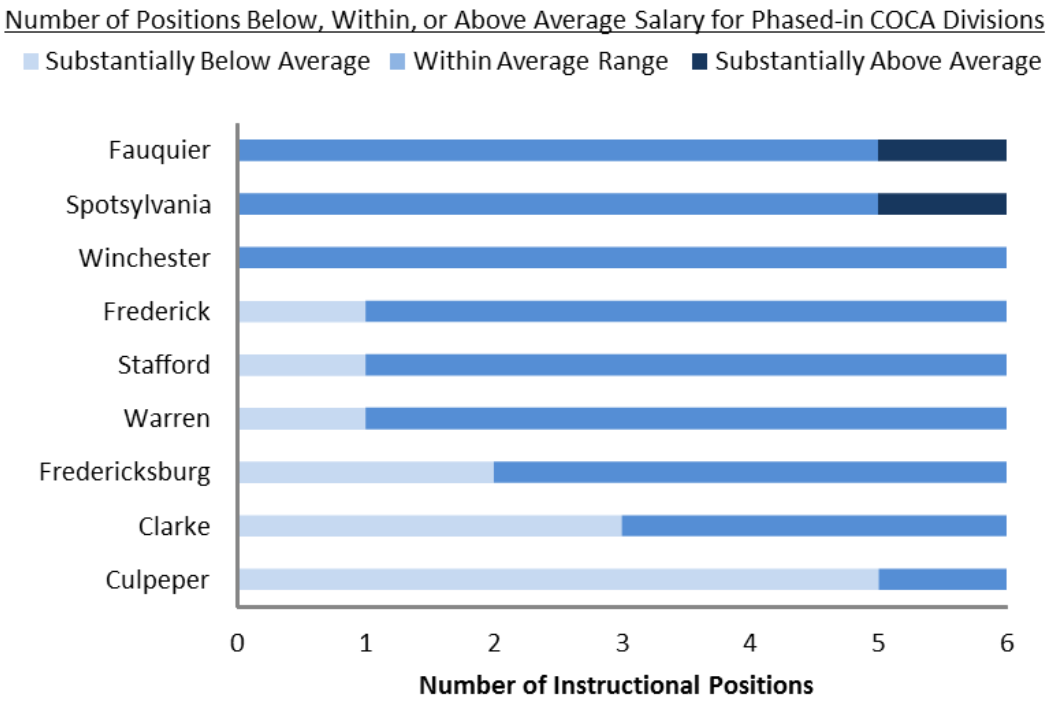
Divisions Receiving the Phased-in COCA Pay Instructional Salaries That Vary More Widely Than Those in Divisions Receiving the COCA

Instructional salaries in divisions receiving the phased-in COCA were typically within range of the average for phased-in COCA divisions, or substantially below the average. There are nine divisions that receive the phased-in COCA. JLARC staff calculated and compared average salaries for the six instructional positions that comprise the vast majority of school division staffing in these divisions. This results in 54 possible comparisons of instructional position salaries across phased-in COCA divisions.

Compared to the divisions that receive the COCA, the divisions that receive the phased-in COCA pay instructional salaries that vary slightly more widely. The phased-in COCA divisions pay salaries within 10 percent of each other for many positions, but there are also six divisions that pay substantially below the average salary for at least one position. There are only two positions for which a division pays substantially above the phased-in COCA average.

As shown in Figure 9, only two divisions (Fauquier and Spotsylvania) paid salaries that were substantially above the phased-in COCA average (and both of those divisions had only one position that was substantially above the average). Clarke and Culpeper

Figure 9: Instructional Salaries in Phased-in COCA Divisions Are Mostly Within or Substantially Below the Average Range



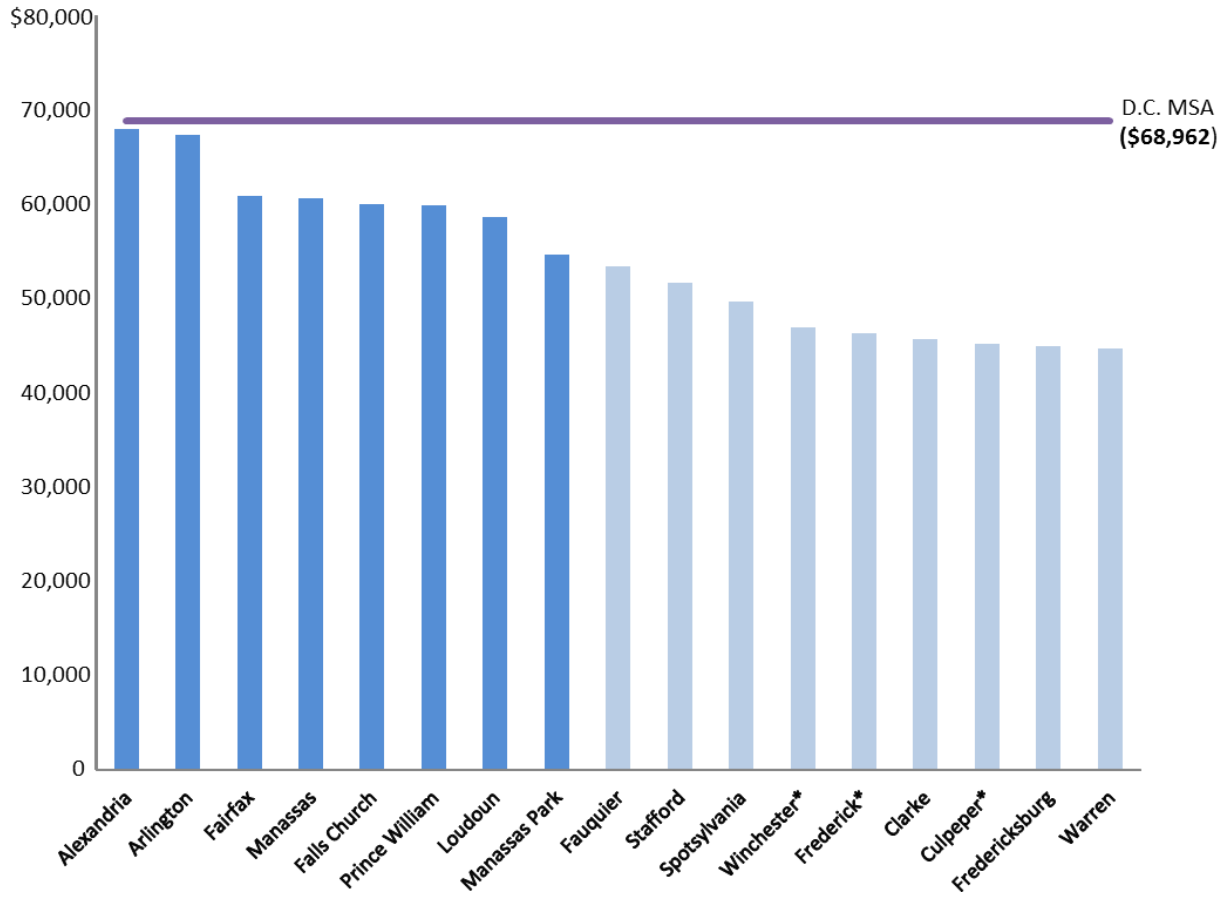
Source: JLARC staff analysis of 2011-2012 Annual School Report Financial Section data provided by DOE.

had the most positions that were substantially below the phased-in COCA average. Culpeper's salaries were substantially below the phased-in COCA average for all instructional positions compared except teachers, and Clarke's salaries were substantially below the average for half of the instructional positions analyzed.

Most Divisions Receiving the COCA Pay Salaries Below the Washington, D.C. MSA Average for Most Instructional Positions

JLARC staff compared the average salaries for several instructional positions in COCA school divisions to the average salaries for comparable positions in the Washington, D.C. Metropolitan Statistical Area (MSA). For the most part, instructional salaries paid by the COCA divisions are below the market average for the Washington, D.C. MSA. For some positions, including teachers (Figure 10) and teacher aides, all of the COCA divisions pay salaries that are below the MSA average salary. For other instructional positions, including guidance counselors, librarians, and principals, most COCA divisions pay salaries that are below the market, but a few pay salaries that are above the market. Arlington, Alexandria, and Falls Church are the divisions that pay above the market for all three of these instructional positions. (See Appendix F for additional information on this analysis.)

Figure 10: Average Teacher Salaries in Divisions Receiving the COCA Are Below the Washington D.C. Market Average



Source: JLARC staff analysis of 2011-2012 Annual School Report Financial Section data provided by DOE and data from the U.S. Bureau of Labor Statistics.

The exception to this trend is the average salary for principals. The average salary for principals in most divisions receiving the COCA is higher than, or very close to, the market average. All of the COCA divisions and three of the phased-in COCA divisions are above the market average, and three of the phased-in COCA divisions are only slightly below the average.

MANY NoVa DIVISIONS PAY SUPPORT SALARIES THAT ARE HIGHER THAN OTHER VIRGINIA DIVISIONS, AND THESE DIVISIONS PAY WIDELY VARYING SALARIES

There are approximately 55 support positions (excluding school food services) for which divisions report data on the ASR financial section, and, as discussed earlier in this report, the positions included in the support category include a wide variety of occupations. JLARC staff analyzed salary data for eight support position categories for this section: transportation operative (i.e., bus driv-

ers); operations and maintenance, service; operations and maintenance, trades; technology, instructional; school nurse; school psychologist; improvement, instruction; and principal, clerical. These positions represent approximately half of the support staff FTEs in divisions receiving the COCA and represent most key school division support functions, including transportation, operations and maintenance, technology, and attendance and health.

Most Divisions Receiving the COCA Pay Higher Support Salaries Than the Rest of the State, but Some Phased-in Divisions' Support Salaries Are Actually Lower Than the Rest of the State

On average, divisions receiving the COCA pay higher salaries for support staff than divisions that do not receive the COCA. Divisions receiving the COCA pay, on average, 52 percent more for support staff than divisions in the rest of the State. Divisions receiving the phased-in COCA pay 11 percent more than divisions in the rest of the State, on average.

Support salaries in divisions receiving the COCA are substantially higher than the salaries paid by divisions not receiving the COCA for most of the support positions analyzed in this section. The average salaries for bus drivers in Alexandria and Arlington, for example, are more than 100 percent higher ($22,000 and $17,000 higher, respectively) than the average bus driver salary in divisions not receiving the COCA. Alexandria pays nurses 141 percent ($26,000) more than the average in divisions not receiving the COCA. However, two COCA divisions (Arlington and Loudoun) paid at least ten percent below the average in the rest of the State for one position.

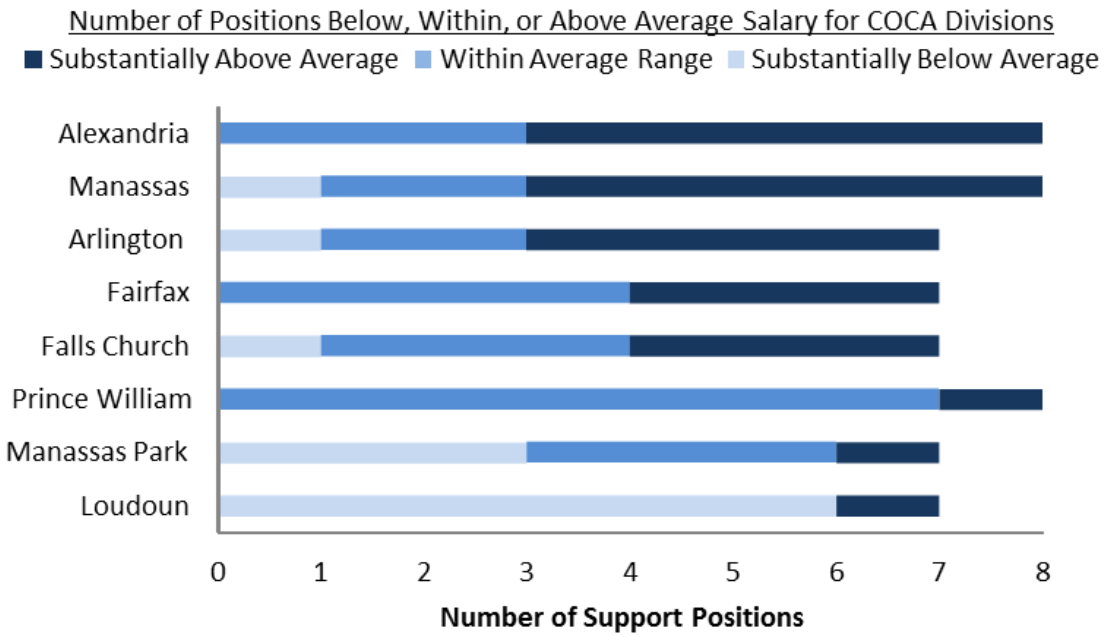
There appears to be no discernible pattern for support salaries among divisions receiving the phased-in COCA when compared to the rest of the State. Some divisions receiving the phased-in COCA pay substantially more than divisions not receiving the COCA for certain support positions, but substantially less for other positions. For example, salaries for school psychologists in both Clarke and Fredericksburg are substantially lower than the average for divisions not receiving the COCA ($26,000 and $7,000 lower, respectively). However, salaries for other support positions in these same divisions are substantially higher than the average for divisions not receiving the COCA. Culpeper appears to have the lowest salaries when compared to divisions in the rest of the State; it pays salaries that are substantially below the average for the rest of the State for several of the support positions compared.

Divisions Receiving the COCA Pay Support Salaries That Vary From Each Other Depending on the Position

As discussed above, JLARC staff calculated and compared average salaries for eight support staff position categories that account for more than half of the school division support FTEs. Unlike instructional salaries, for which most COCA divisions pay a similar salary for most positions, there is considerable variation in what these divisions pay various support staff. As shown in Figure 11, the average salaries for some support positions analyzed in the divisions receiving the COCA are within range of the COCA division average salary. However, there are also some divisions that had support salaries that were substantially above the COCA average, and some that paid salaries that were substantially below the COCA average.

Alexandria, Manassas, and Arlington had the most support positions that were substantially above the COCA average salary, and Loudoun and Manassas Park had the most support positions with salaries that were substantially below the COCA average. Loudoun had the lowest salaries for support staff of the COCA divisions. All of the support positions analyzed in Loudoun, except for one, had salaries that were substantially below the COCA average.

Figure 11: Support Salaries in COCA Divisions Vary Widely From Each Other Depending on Position



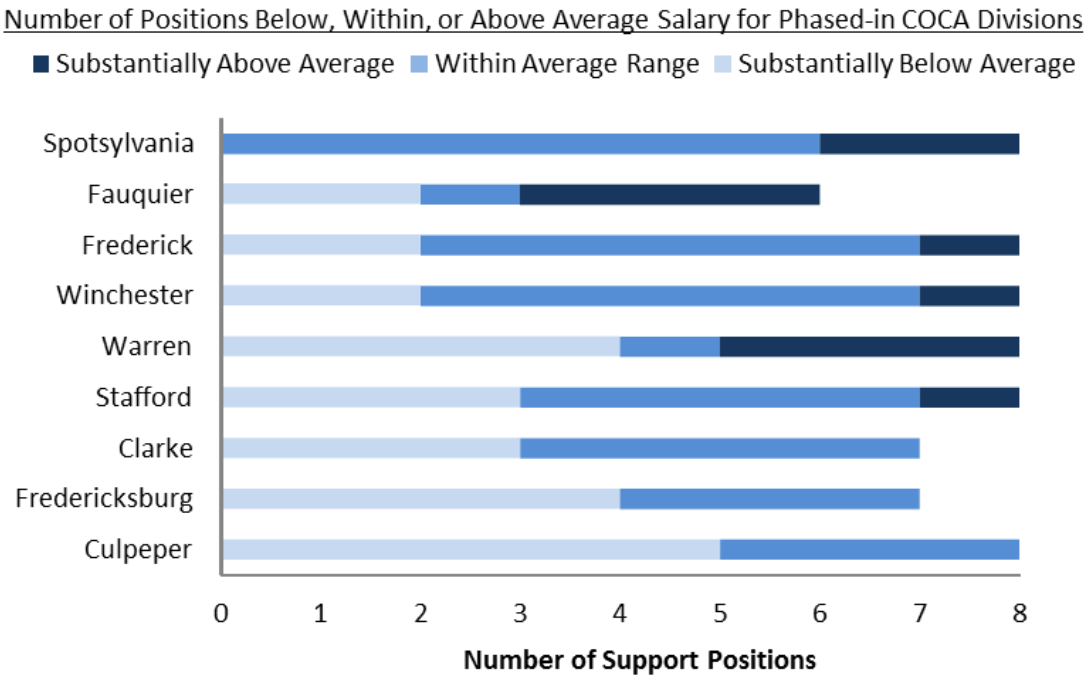
Note: Some divisions only have data for seven positions because they did not provide data on the ASR for all positions analyzed.
Source: JLARC staff analysis of 2011-2012 Annual School Report Financial Section data provided DOE.

Divisions Receiving the Phased-in COCA Pay Support Salaries That Vary Widely From Each Other Depending on the Position

As shown in Figure 12, the salaries offered in the divisions that receive the phased-in COCA for the nine support positions analyzed vary widely. All of the divisions receiving the phased-in COCA, except Spotsylvania, had two or more support positions with salaries substantially below the phased-in COCA average. Spotsylvania, Fauquier, Frederick, and Winchester had the highest salaries for support positions among the divisions receiving the phased-in COCA. Warren, Stafford, Clarke, Culpeper, and Fredericksburg had the lowest salaries for support positions among the phased-in COCA divisions. Warren, Culpeper, and Fredericksburg each had four or more positions with salaries that were substantially below the phased-in COCA average.

Comparisons of salaries for certain support positions to the Washington, D.C. MSA average can be found in Appendix G.

Figure 12: Support Salaries in Phased-in COCA Divisions Show No Consistent Pattern



Note: Some divisions do not have data for all eight positions in the figure because they did not provide data on the ASR for all positions analyzed.

Source: JLARC staff analysis of 2011-2012 Annual School Report Financial Section data provided by DOE.

Chapter 5

State Can Refine for Which Divisions It Recognizes a Cost of Competing

In Summary

JLARC staff used geographic proximity of Northern Virginia school divisions to Washington, D.C. and how much above average they pay in salary to develop four separate sub-markets in the region. Divisions in two of these sub-markets seem to have some justification for recognizing, at least to some degree, the cost of competing with other employers for school division employees. These divisions in almost all cases have allocated their budgets to pay higher salaries in order to compete with other employers. They also are either geographically adjacent to, or within about 50 miles of, Washington, D.C. which is the heart of the State's most expensive region by far. The first such sub-market, referred to as sub-market A, includes five school divisions that are within about 25 miles of Washington, D.C. These divisions pay, on average, between 34 and 68 percent above the statewide average. Sub-market B includes six divisions that are between about 25 and 50 miles away from Washington, D.C. These divisions pay, on average, between 12 and 42 percent above the statewide average. There are seven school divisions that currently receive a phased-in COCA that are not in these two sub-markets. Based on this analysis, the General Assembly could refine the divisions for which it recognizes the cost of competing.

The request for this study indicates that "an updated study should be undertaken in order to inform our budgetary decisions going forward." Assessing whether the current approach needs to be updated is reasonable given how Virginia's economy and labor markets have changed since JLARC staff last assessed the COCA 17 years ago. Economic conditions have also changed since the phased-in COCA was initiated in 2007. Consequently, this chapter analyzes the current differences across Northern Virginia (NoVa) school divisions in terms of their geographic proximity to Washington, D.C, the average salaries they pay, and their ability to recruit and retain both instructional and support staff.

NoVa LOCALITIES CAN BE GROUPED INTO FOUR SUB-MARKETS FOR SCHOOL DIVISION EMPLOYEES

The Washington, D.C. Metropolitan Statistical Area (MSA) spans 23 localities in Virginia, Maryland, West Virginia, and the District of Columbia. Localities such as Arlington and Alexandria are adjacent to the high-cost area of Washington, D.C., while localities such as Fredericksburg and Winchester are more than 50 and 70 miles, respectively, from the nation's capital.

The COCA was originally recognized for localities in Planning District 8. These localities are all either adjacent to, or within about

40 miles of, Washington, D.C. In the mid-2000s, as the Northern Virginia economy—and particularly the real estate market—reached its peak, the phased-in COCA localities were added and were given one-quarter of the amount that had been recognized for the Planning District 8 localities. At the time, the justification for adding these localities was likely compelling given the breadth and depth of Northern Virginia's economic growth.

To assess which localities may merit a cost of competing adjustment based on current information, JLARC staff used two measurable attributes of school divisions in Northern Virginia. The first attribute is how many miles the locality is from Washington, D.C. The second attribute is how much above, on average, the school division pays its employees compared to the rest of the State.

Mileage From Washington, D.C. Is Major Factor That Determines Which Other Employers School Divisions Compete With for Staff

Though different prospective employees will have different tolerances for how wide of a job search they conduct, it is reasonable to assume that geographic proximity is one of the major factors that potential employees consider when searching for a job. This is particularly likely when a teacher is choosing between school divisions. For example, a teacher living in Prince William County would probably first look for employment in Prince William, then expand into surrounding school divisions as necessary. Depending on the individual, he or she may be more willing to commute north into Fairfax, Arlington, Alexandria, or even Washington, D.C., or parts of Maryland, to make a higher salary. But they also may be willing to accept lower pay in Prince William County or other counties further away from Washington, D.C, such as Stafford, Fauquier, or Loudoun.

Commuting Time

The U.S. Census Bureau reported that the Washington D.C., MSA had the second longest commute time in the nation in 2009. On average, the commute in this region was about 33 minutes. A vehicle averaging 45 miles per hour could cover about 25 miles during this time, and about 50 miles in twice this average commute time.

This dynamic makes geographic proximity one of the biggest drivers of which other employers school divisions are competing with for potential employees. Consequently, it is reasonable to use geographic proximity to the high-cost Washington, D.C. area as a measurable way to define labor markets within Northern Virginia. The average commute time in Northern Virginia was the second highest in the nation. An individual could travel, on average, about 25 miles during this average commute time (see sidebar). An individual could travel about 50 miles in twice the average commute time.

This average commute time can be used to set a radius from Washington, D.C. of either 25 or 50 miles. There are five Virginia school divisions that fall within a 25-mile radius of Washington, D.C. (Figure 13). It is reasonable to assume that these divisions are most likely to compete with each other and school divisions in

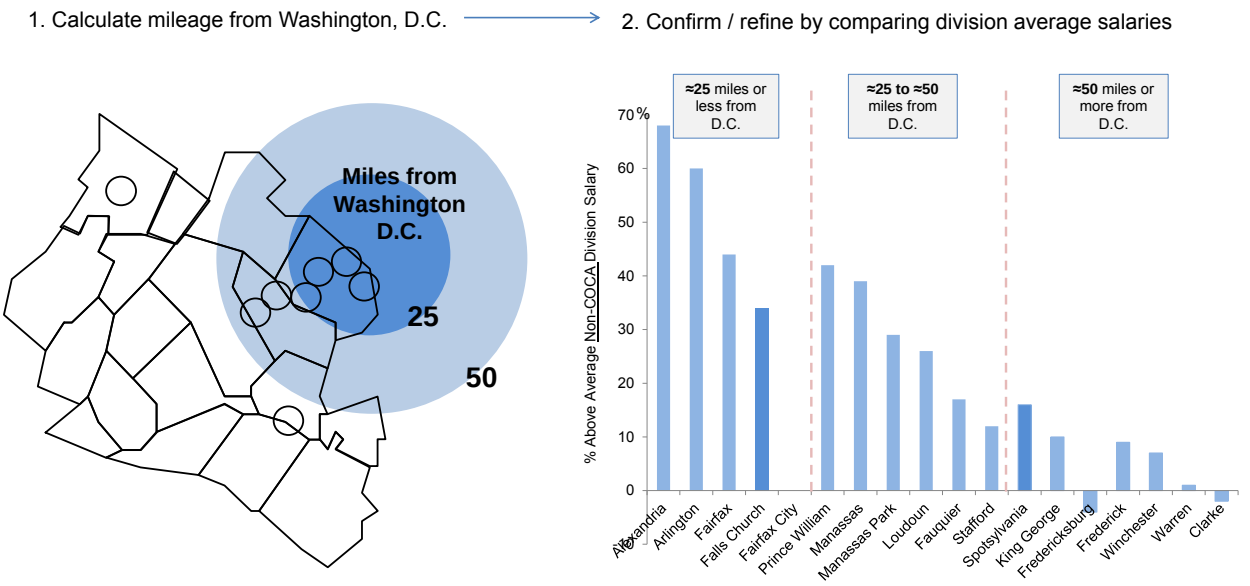
Maryland and Washington, D.C. There are another six Virginia school divisions that fall at least partially within a radius of more than 25, but less than about 50 miles, from Washington, D.C. Given the size of some school divisions, the mileage within the division's boundaries from Washington, D.C. will vary depending on which part of the locality is considered.

Average Division Salary Generally Confirms Pattern of Mileage From Washington, D.C.

As noted in Chapter 3, Northern Virginia divisions primarily compete with each other and other school divisions in Washington, D.C. and Maryland for teachers. They also primarily compete with these divisions and the private sector for support staff. As noted in Chapter 4, how much above the average school division salary NoVa divisions pay varies considerably depending on the specific position category. There is less variation, however, when comparing each division average to the average of divisions outside of Northern Virginia.

Comparing how much above the statewide average each NoVa division pays its employees generally confirms the use of mileage from Washington D.C. to group divisions into different submarkets. Within Northern Virginia, the closer a division is to Washington, D.C., it generally pays higher average salaries. Conversely, the farther away a division is, it generally pays lower average salaries.

Figure 13: NoVa Divisions Generally Pay Higher Average Salaries the Closer They Are to Washington, D.C.



Source: JLARC staff analysis.

There are three notable exceptions to this trend, however. The City of Fairfax, which often is included with Fairfax County for data reporting purposes, appears to pay below the statewide average. Similarly, Falls Church only pays about 30 percent above average. Several other NoVa divisions that are farther away from Washington, D.C. actually pay higher average salaries than Falls Church, including Prince William County. Finally, Spotsylvania County pays salaries that are, on average, higher than Stafford County and close to salaries in Fauquier County. Spotsylvania is, however, farther away from Washington, D.C. than either of these two divisions.

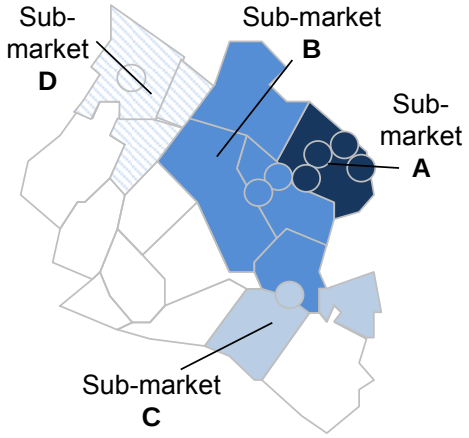
For these three exceptions, JLARC used mileage from Washington, D.C., as the primary factor to determine the labor market in which they compete for staff. This is in part because there are other divisions, such as the City of Chesapeake or Henrico County, that also pay above the state average. Divisions such as these, however, are far outside the boundaries of Northern Virginia.

Mileage From Washington, D.C. and Average Salary Combine to Define Four Sub-markets for School Division Staff in Northern Virginia

JLARC staff used geographic proximity to Washington, D.C., along with how much above average a division pays, to create four separate Northern Virginia sub-markets for school division employees. Divisions within about 25 miles of Washington D.C. pay their employees, on average, from 34 to 68 percent more than divisions that do not receive the COCA. The exception is Fairfax City noted above. Divisions with all or some of their boundaries between 25 and 50 miles of Washington, D.C. pay from 12 to 42 percent above average. The remaining divisions that are more than 50 miles from Washington, D.C. pay slightly above, near, or actually below divisions that do not receive the COCA. The exception is Spotsylvania, cited above, which pays its school division staff 16 percent above average.

These four sub-markets are referred to as “A,” “B,” “C,” and “D” (Figure 14). These sub-markets somewhat align with the current divisions that receive the COCA or phased-in COCA, but there are exceptions. Culpeper, for example, is not included in the sub-markets developed by JLARC staff (though shown for illustrative purposes in certain figures because it currently receives a phased-in COCA) because it is more than 60 miles from D.C. and its average salary for many positions is substantially below the non-COCA average.

Figure 14: NoVa Divisions Can Be Grouped Into Four Sub-markets Based on Proximity to Washington D.C. and Average Salaries



Sub-market A	Sub-market B	Sub-market C	Sub-market D
Alexandria	Fauquier	Fredericksburg	Clarke
Arlington	Loudoun	King George	Frederick
Fairfax	Manassas	Spotsylvania	Warren
Fairfax City	Manassas Park		Winchester
Falls Church	Prince William		
	Stafford		

Source: JLARC staff analysis.

POSITION-SPECIFIC SALARIES AND ABILITY TO COMPETE GENERALLY FURTHER CONFIRM SUB-MARKET GROUPINGS

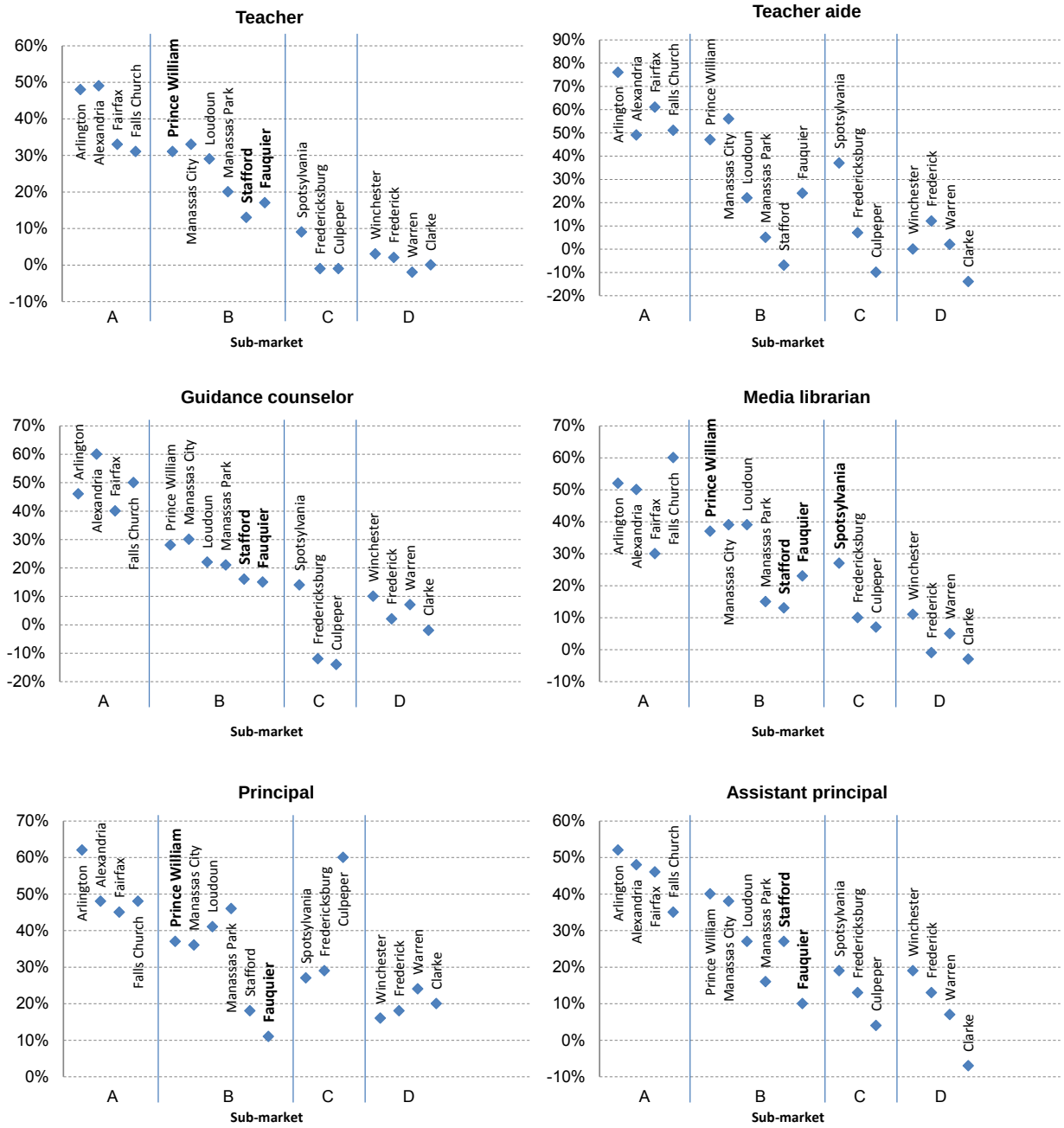
The four sub-markets were created using the average salary for all positions in each division. However, the diversity of positions within a school division necessitates further analyzing these markets by various instructional and support position categories. This examination further confirms the grouping of the divisions into the four sub-markets, but also demonstrates the complexity and differentiation of certain labor markets, especially for support staff.

Divisions in Sub-market A Typically Pay Instructional Staff More Than Divisions in Sub-markets B, C, and D

As shown in Figure 15, within each of the four sub-markets, school divisions offer different salaries and have varying ability to compete for instructional staff. Divisions in sub-market A generally pay more than other divisions for most instructional positions. Divisions within sub-market B also generally pay more than other divisions, but these divisions also reported the widest variation in how much above the average salary they pay employees in various instructional positions.

Sub-market B also had the most divisions that indicated they were unable to compete with other employers for certain positions (as indicated divisions in bold type in the figure). This is in part attributable to the fact that sub-market B is the largest geographic area and includes the most school divisions. Two divisions, Prince William and Fauquier, reported difficulty competing for certain instructional positions, including media librarians and principals.

Figure 15: Divisions in Sub-markets A and B Generally Pay Instructional Staff More Than Divisions in Sub-markets C and D



Vertical scale is percentage above total average salaries of all school divisions not receiving a COCA.
Divisions in **bold** reported an inability to compete with other employers for these positions at current salaries.

Note: Divisions not shown did not report any employees performing the function in their 2011 Annual School Report. Culpeper is shown with sub-market C for comparison purposes because it currently receives a phased-in COCA.

Source: JLARC staff survey of school divisions and 2011 Annual School Report.

These two divisions also reported that for these positions, applicants reject their offers and take jobs with higher salaries "some" or "most" of the time.

Divisions within sub-market D reported no difficulties competing with other employers for any of the instructional staff for which JLARC staff collected data. School divisions in sub-market D also paid instructional staff salaries that were close to, or in some cases below, the average of other divisions statewide that do not receive any cost of competing adjustment.

The labor market for teachers is by far the largest and best defined market among instructional staff. Divisions in sub-market A generally pay the most, and average teacher salaries then follow a somewhat predictable progression through sub-markets B and C down to the lowest salaries in sub-market D.

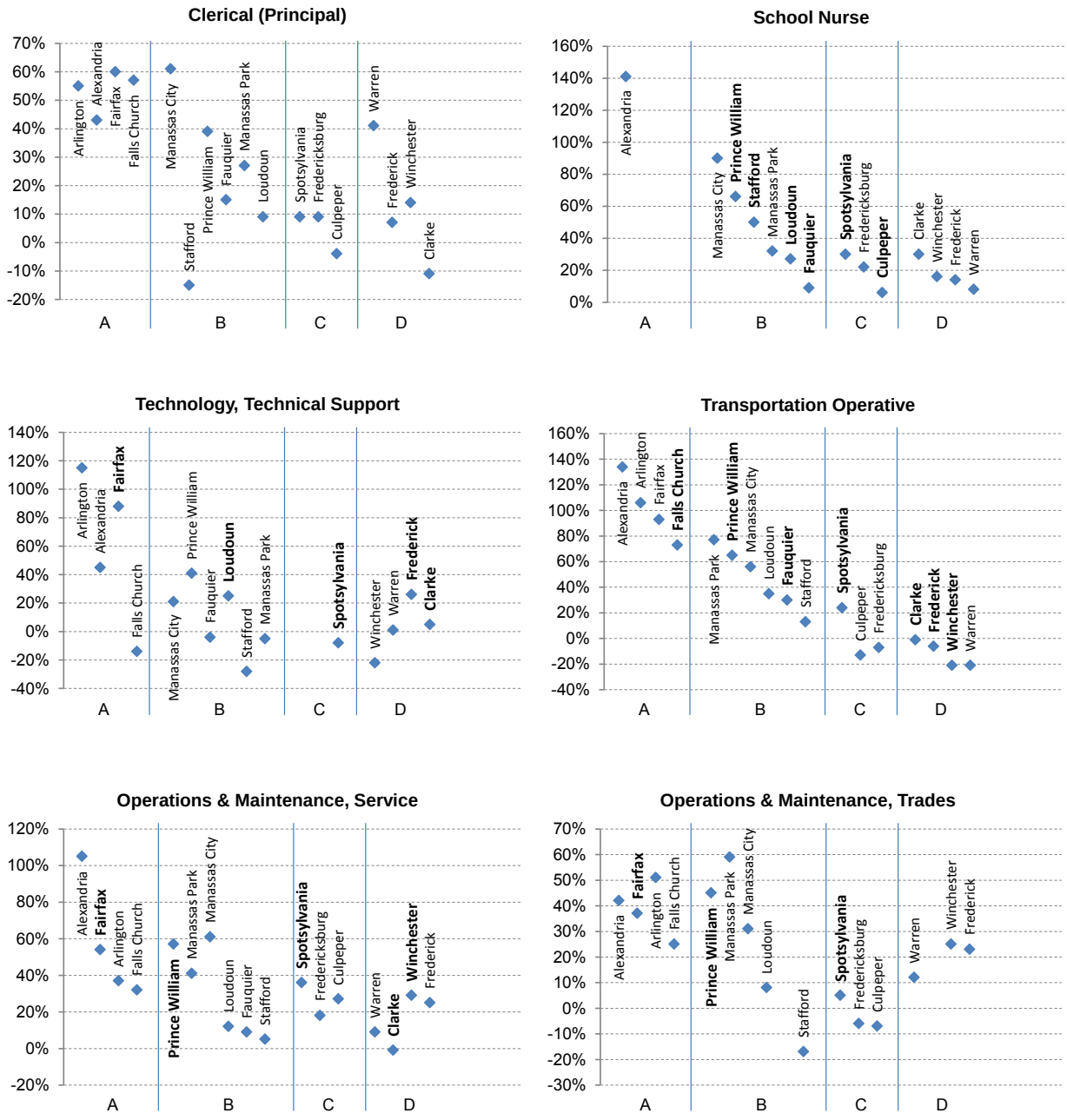
The markets for other instructional positions, however, do not follow such a predictable pattern. This is likely primarily due to the fact that most other instructional position markets are comprised of far fewer employees than the market for teachers. The relatively smaller size of these labor markets makes it more likely that factors such as long-tenured employees who make higher salaries—or even categorization errors by school divisions on their reporting—can skew the data. An example of this dynamic is in the market for school principals. Employees in this category in Culpeper appear to have higher average salaries than employees in the principal category in all divisions in sub-markets B, C, and D.

Divisions in Sub-market A Tend to Pay Support Staff More Than Other Divisions, but Labor Market for Support Is Far Less Defined Than Market for Instructional Staff

As noted earlier in this report, support position categories have highly varied skills, qualifications, and levels of responsibility. By extension, the patterns across sub-markets A through D for support staff are similarly varied and less defined than for instructional staff. For example, divisions in sub-market A generally paid support staff more than other divisions, but not for all positions compared (Figure 16). In terms of ability to compete for support staff, Fairfax County, in particular, reported it was unable to compete for high-quality applicants in several operations and maintenance and technology position categories.

As with instructional staff, divisions in sub-market B reported the widest variation in how much above the average salary they pay employees in various support positions. School nurse salaries, in particular, ranged from 90 percent to nine percent above average.

Figure 16: Divisions in Sub-markets A and B Generally Pay Support Staff More Than Divisions in Sub-markets C and D, but Markets for Support Staff Are Less Defined



Vertical scale is percentage above total average salaries of all school divisions not receiving a COCA.
Divisions in **bold** reported an inability to compete with other employers for these positions at current salaries.

Note: Divisions not shown did not report any employees performing the function in their 2011 Annual School Report. Culpeper is shown with sub-market C for comparison purposes because it currently receives a phased-in COCA.

Source: JLARC staff survey of school divisions and 2011 Annual School Report.

Most divisions within sub-market B also reported they were unable to effectively compete for school nurses. As with instructional staff, Prince William reported difficulty competing for several support staff positions. Prince William reported that applicants for support positions reject its job offers and instead take higher paying jobs "most" of the time.

Divisions in sub-markets C and D, as with instructional staff, tended to pay support staff salaries below sub-markets A and B, though this is not always the case. Divisions in sub-market C tended to pay closer to the average for some support positions, but not others. Warren County in sub-market D, for example, paid 41 percent above average for certain clerical staff and 30 percent more for school nurses. Divisions in sub-market C and D also reported some difficulty competing with other employers for certain support staff, including school nurses, bus drivers, operations and maintenance, and information technology staff. Clarke County in particular reported it was unable to compete for several types of support staff. Clarke reported that for these positions, applicants reject its offers and take jobs with higher salaries "some" of the time. Spotsylvania also reported it was not able to compete for several support positions.

COST OF COMPETING APPEARS JUSTIFIED IN TWO SUB-MARKETS IN NORTHERN VIRGINIA

The preceding analysis suggests that a refinement of the divisions that receive a COCA may be appropriate. This refinement would be based partly on how economic conditions in Northern Virginia are different than in 2007 when the phased-in COCA was initiated and on the different issues confronting the localities in the four sub-markets.

Divisions in sub-market A tend to pay salaries for most positions that are far above the average in other divisions. These localities are also geographically closer to Washington D.C., which has the highest cost of living by far compared to other MSAs in Virginia. These two factors provide justification for recognizing the cost of competing in Arlington, Alexandria, Fairfax (and Fairfax City), and Falls Church.

Divisions in sub-market B also tend to pay higher salaries than other divisions, but less consistently. There are also some divisions in the central and eastern parts of the State that pay higher salaries than these divisions for certain positions. However, these divisions are geographically adjacent to the divisions in sub-market A. Given that the primary competition for school division employees is other school divisions, the geographic proximity of sub-market B to sub-market A also provides justification for recognizing the cost

of competing in Prince William, Loudoun, Stafford, Fauquier, Manassas, and Manassas Park.

There is a less compelling case for divisions in sub-markets C and D to receive a cost of competing adjustment. On one hand, these divisions are adjacent to sub-market B and therefore must compete with these divisions for employees. On the other hand, these divisions are geographically separated from sub-market A which pays the highest salaries. Most are also far more distant from Washington, D.C. and divisions in Maryland that pay higher salaries.

While divisions in sub-markets C and D pay salaries that are close to, or even higher than, salaries for certain positions than divisions in sub-market B, most on average pay less. There are also positions, in particular support positions, for which these divisions reported they were unable to compete, including technical support, transportation operatives, and operations and maintenance. However, for teachers, which comprise the majority of school division staffing, all divisions in sub-markets C and D reported they were able to compete based on the salaries they currently provide.

Based on the totality of the information in this report, the General Assembly may wish to consider refining which localities for which it recognizes a cost of competing adjustment. The refinement could consist of recognizing the most substantial cost of competing adjustment for divisions in sub-market A, and a smaller adjustment for divisions in sub-market B.

Such a refinement would exclude seven school divisions that currently receive a phased-in COCA. These divisions are Spotsylvania, Fredericksburg, Culpeper, Warren, Clarke, Winchester, and Frederick. Each of these divisions is more than 50 miles from Washington, D.C. While these geographic realities will not change, economic changes that will occur over time may warrant re-examining these four sub-markets in the future. It is highly likely that as the economic conditions in parts of Northern Virginia change further, the grouping of divisions that may merit a cost of competing adjustment will need to be refined again.

Recommendation (1). The General Assembly may wish to consider recognizing the cost of competing in two groupings of school divisions. The first group should be comprised of Alexandria, Arlington, Fairfax, Fairfax City, and Falls Church. This first grouping should have the highest cost of competing recognized. The second group should be comprised of Prince William, Loudoun, Stafford, Fauquier, Manassas, and Manassas Park. This second grouping should also have a cost of competing recognized, but one that is less than the first grouping of divisions.

Chapter 6

Cost of Competing Is Likely Higher Than Amount State Currently Recognizes

In Summary

The current amount of the COCA is based on the difference between State employee salaries in Northern Virginia and the rest of the State in the mid-1990s. However, the State now uses a different policy to allow State agencies to pay higher salaries to employees in Northern Virginia. Furthermore, a 2011 JLARC study concluded that State employees were paid in the mid-or lower-80th percentile of the market. Consequently, it is recommended that the General Assembly discontinue the use of the differential in State employee salaries in the mid-1990s as the benchmark to determine how much of a cost of competing the State recognizes for certain Northern Virginia school divisions. To inform discussion among policy-makers about how much could be recognized moving forward, JLARC staff used three approaches to approximate amounts that may be reflective of the cost of competing. Each of these three approaches results in an amount that is higher than what the State currently recognizes. The amount the General Assembly ultimately chooses to recognize, however, is a policy choice that can be informed—but not completed driven—by these approaches.

Chapter 5 proposes refining the current grouping of localities for which the State recognizes a cost of competing. The amount that the State recognizes, however, could also be updated based on current information. The current amount of the COCA is based on how the State compensated employees in Northern Virginia in the mid-1990s. The State's approach, however, has since changed.

Given that the State has changed its approach to compensating these employees, it likely makes sense to revisit whether using this approach as the benchmark for the amount of the COCA is still appropriate. School divisions reported their primary competitors for employers were other Northern Virginia (NoVa) school divisions in and other surrounding jurisdictions. This suggests that more direct measures of the actual market for school division employees may be the most useful starting point from which to determine (1) the actual cost of competing, and (2) the portion of this cost the State chooses to recognize in the SOQ formula.

CHANGES IN STATE APPROACH AND BELOW-MARKET STATE SALARIES SUGGEST STATE IS NOT AN APPROPRIATE BENCHMARK FOR THE COCA

As noted in Chapter 1, the current amounts typically provided for the COCA are based on the differential between State employee salaries in Northern Virginia and the rest of the State in the mid-

1990s. However, using the current difference between State employee salaries in Northern Virginia and the rest of the State as the basis for the amount of the COCA is not as justifiable now as it was in 1995.

State No Longer Directly Applies a Higher Salary Differential for State Employees in Northern Virginia

The State now uses a different approach to allow agencies with staff in Northern Virginia to pay higher salaries. When the COCA was last reviewed by JLARC staff in 1995, the State directly applied salary differentials to the State employees located in Northern Virginia. However, in 2003, the State transitioned from this approach to one that gave agencies the flexibility to determine employee salaries within salary bands, or pay ranges. The pay ranges for employees in Northern Virginia in most cases have the same minimum salary as for other State employees, but higher maximum salaries. For most pay ranges, this maximum is 30 percent higher than for the rest of the State. For example, pay band four ranges from $31,352 to $64,347. For State employees in Northern Virginia, the same pay band ranges from $31,352 to $83,651.

Though this policy has changed, State employees in Northern Virginia still tend to make more than employees in the rest of the State. This varies, however, based on a number of factors including the specific job role, agency, and location in Northern Virginia. Appendix H illustrates the difference between State employee salaries in Northern Virginia and the rest of the State for selected State job roles that are similar to certain instructional and support positions at school divisions.

State Pays Its Employees, on Average, Below the Market

JLARC staff reports in 2008 and 2011 concluded that the State workforce, on average, is paid less than what other peer employers pay. The 2008 study concluded that State employees were paid 92 percent of the market average. Reflective of the fact that there were no across-the-board salary increases by the time JLARC conducted a similar review in 2011, the State had further lost ground to the market average. The 2011 study concluded that State employees were paid in the mid-or lower-80 percent of the market average, depending on when an employee was hired.

This underpayment of State employees relative to the market suggests that the State's approach to employee compensation may not be a sound benchmark to use when considering what amount the State chooses to recognize. Furthermore, as noted in Chapter 3, school divisions report they do not generally compete with the State for employees. This makes using the State workforce as a benchmark for the COCA less justifiable.

The General Assembly may wish to consider discontinuing the use of the Northern Virginia differential for State employees in the mid-1990s as the basis for the cost of competing. In its place, a variety of approaches that are more directly related to the market for school division employees in could be used. The next section includes three such approaches for consideration and discussion.

Recommendation (2). The General Assembly may wish to discontinue using the differential in State salaries as the basis for the cost of competing. It may wish to instead calculate the cost of competing using more direct measures of the labor market for school division employees in Northern Virginia.

JLARC STAFF IDENTIFIED THREE APPROACHES THAT COULD BE USED TO CHANGE CURRENT AMOUNT OF COCA

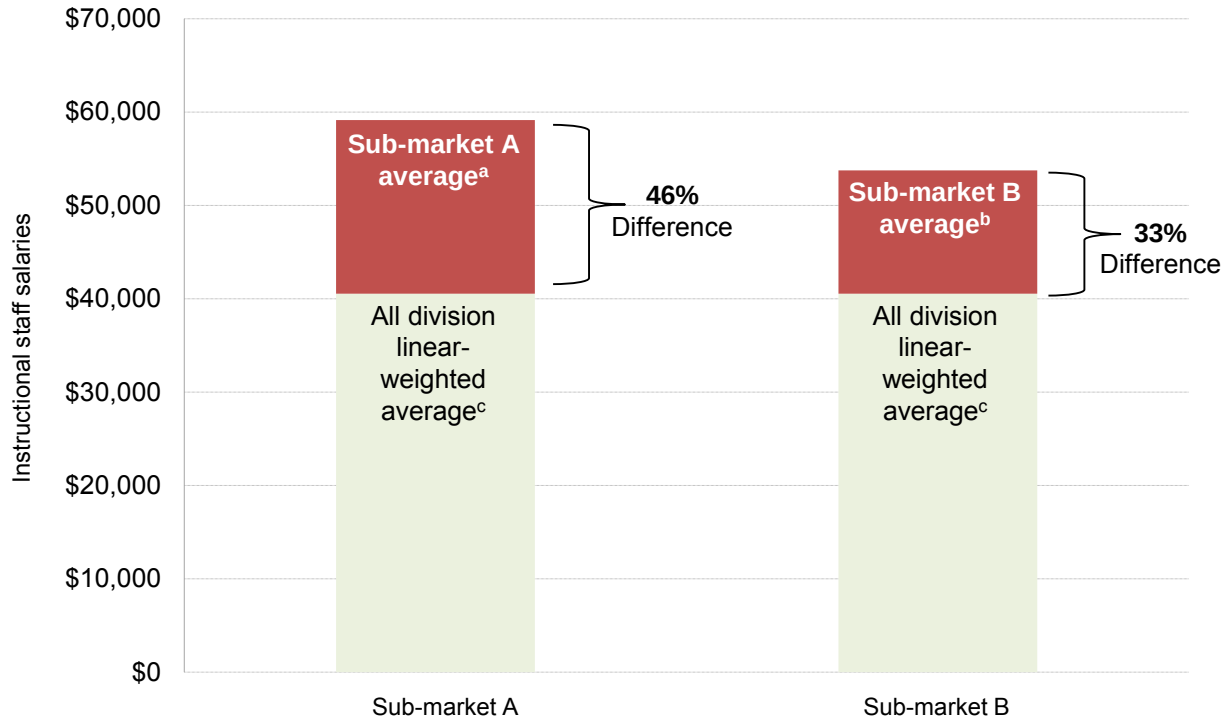
The State can choose from a wide range of amounts to recognize for the cost of competing adjustment. If the General Assembly chooses to discontinue using the approach used for State employees in Northern Virginia as the benchmark for the COCA, then other measures need to be identified. JLARC staff used various analytical constructs to identify three potential approaches for informing the amount of the COCA to recognize in the SOQ formula. Though none of these approaches is perfect, each can inform discussion among policy-makers about any changes made to the amount of the cost of competing the State chooses to recognize.

Approach #1: Use Difference in Average Division Salaries as Upper Bound Estimate of Cost of Competing

On average, school divisions in sub-markets A and B pay their instructional staff substantially more than other divisions in the rest of the State (Figure 17). The average salary for all instructional employees in the divisions in sub-market A is $59,140. This is 46 percent higher than the statewide prevailing average for all divisions in the State (measured using a linear-weighted average). The average salary for all instructional staff in the divisions in sub-market B is $53,730, which is 33 percent higher than the statewide prevailing average. This is a difference of more than $18,500, on average, for each instructional staff in sub-market A and about $13,000, on average, for each instructional staff in sub-market B.

These differences underscore that divisions in sub-markets A and B have allocated their State and local resources so they can pay instructional staff much higher salaries than the rest of the State. Assuming these salaries are an efficient allocation of resources and that these salaries are the most accurate indicator of the market for school division staff, this difference can be interpreted as an upper-bound estimate of the cost of competing.

Figure 17: Divisions in Sub-market A Pay Instructional Staff About 46 Percent More Than Statewide Prevailing Average, and Divisions in Sub-market B Pay About 33 Percent More



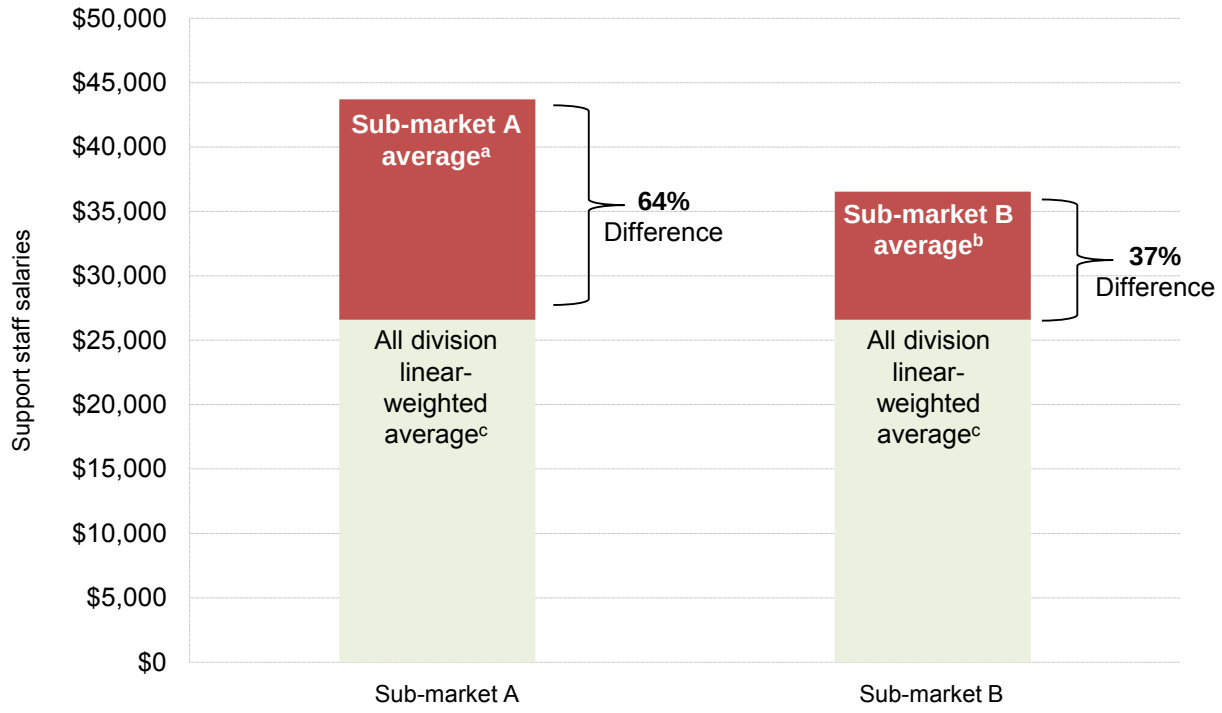
[a] Sub-market A includes Alexandria, Arlington, Fairfax, Fairfax City, and Falls Church.
[b] Sub-market B includes Prince William, Loudoun, Stafford, Fauquier, Manassas, and Manassas Park.
[c] Calculated using a linear-weighted average of all divisions. Divisions were rank-ordered from high to low by average salary. The median division value was then weighted 5.0 and decreasing weighting was provided in increments of 0.06 down to the maximum and minimum division salaries, which were weighted 1.0. This approach was used to provide consistency with how DOE calculates the prevailing salaries for SOQ-funded positions.

Source: JLARC staff analysis of school division Annual School Report, 2011.

The current amount the State provides to localities through the COCA is far less than this upper-bound estimate of the cost of competing for NoVa instructional staff. However, the original justification for the cost of competing sought to recognize costs that are beyond local control, but not additional costs that stem from local policy choice or aspiration. Developing a more precise estimate of the cost of competing that is lower than this upper bound, therefore, requires estimating what portion of these higher salaries are attributable only to the factor beyond local control that is competing for NoVa staff. This will be discussed later in this section.

On average, school divisions in sub-markets A and B also pay their support staff substantially more than other divisions in the rest of the State (Figure 18). The average salary for all support employees in the divisions in sub-market A is $43,710. This is 64 percent higher than the statewide prevailing average (measured using a linear-weighted average). The average salary for all instructional

Figure 18: Divisions in Sub-market A Pay Support Staff About 64 Percent More Than Statewide Prevailing Average, and Divisions in Sub-market B Pay About 37 Percent More



[a] Sub-market A includes Alexandria, Arlington, Fairfax, Fairfax City, and Falls Church.
[b] Sub-market B includes Prince William, Loudoun, Stafford, Fauquier, Manassas, and Manassas Park.
[c] Calculated using a linear-weighted average of all divisions. Divisions were rank-ordered from high to low by average salary. The median division value was then weighted 5.0 and decreasing weighting was provided in increments of 0.06 down to the maximum and minimum division salaries, which were weighted 1.0. This approach was used to provide consistency with how DOE calculates the prevailing salaries for SOQ-funded positions.

Source: JLARC staff analysis of school division Annual School Report, 2011.

staff in the divisions in sub-market B is $36,525, which is 37 percent higher. This is a difference of more than $17,000, on average, for each support staff in sub-market A and about $10,000, on average, for each support staff in sub-market B.

The recent practice of not funding the full COCA amount for support staff places more of the burden of paying these higher salaries on localities. It also has the effect of minimizing the important role that support staff play in providing a safe, clean, and quality learning environment for students.

Approach #2: Subtract Local "Policy Choice" Funding From Upper-Bound Estimate of Cost of Competing

For the purposes of this report, State SOQ funds have been the focus. However, there are two major additional local components to school division spending. The first is how much a locality is required to provide in addition to State funds to meet the SOQ. These funds are known as the "required local effort." The second

local component is funds in addition to the required local effort. This second component is largely at local discretion. In FY 2011, all school divisions provided some additional local funds beyond their required local effort, though the amount varied substantially.

This amount of local spending above the SOQ required local effort could be inferred as a monetization of a locality's educational policy choices (that have funding requirements). There are also other, less quantifiable, factors associated with these local policy choices, such as enrichment material or additional requirements for school division staff for which they are not compensated. However, the local spending above the SOQ required local effort likely accounts for the bulk of local policy choices above the minimum State requirements as expressed through the SOQ. This amount, though, likely overstates these policy choices related only to salaries (see sidebar).

Local Policy Choice Funding Not Related Only to Salaries

The Virginia Department of Education notes that local funding beyond the required local effort is not likely all attributable to employee salaries. These additional local funds can also be driven by more staffing or additional funding for certain program areas.

NoVa localities generally provide more of these local funds than other localities. The differences in these local funds, however, are not as large as the differences in salaries. All divisions statewide spent an additional 102 percent of their required local effort in FY 2011. In comparison, divisions in sub-market A spent an additional 121 percent, or 19 percent more than all divisions statewide. Divisions in sub-market B spent an additional 111 percent, or nine percent more than all divisions.

Though divisions in sub-markets A and B generally provide more local funds, these additional local funds do not fully account for the difference in salaries. The difference between these two amounts, however, can be used to measure the financial impact of local policy choices, which can then be subtracted from the actual cost of competing. This resultant amount can be used as a potential measure of the cost of competing for NoVa staff that is reflective of factors beyond a division's control, but not attributable to local policy choices made by the division.

Subtracting this local policy choice measure reduces the upper bound estimate of the cost of competing measured above in Approach #1. Using this second approach, the cost of competing may be about 27 percent for instructional staff in sub-market A and 24 percent for instructional staff in sub-market B. The same approach results in a cost of competing of about 45 percent for support staff in sub-market A and 28 percent in sub-market B (Table 4).

Table 4: Subtracting Local "Policy Choice" Funding From Upper Bound Cost of Competing Estimate Results in Substantial, but Lower, Cost of Competing Estimate

	Instructional		Support	
	Sub-market A	Sub-market B	Sub-market A	Sub-market B
Upper-bound cost	46%	33%	64%	37%
Local policy choice[a]	-19	-9	-19	-9
Upper bound– Local policy	**27**	**24**	**45**	**28**

[a] Local policy choice percentage calculated as the percentage of all division funding that is attributable to neither State SOQ funding nor required local effort SOQ funding. The percentages used are what is provided, on average, by respective divisions beyond the statewide average amount.

Source: JLARC staff analysis of "Actual Fiscal Year 2011 Required Local Effort and Required Local Match; Budgeted Fiscal Year 2012 Required Local Effort and Required Local Match," Virginia Department of Education, 2012.

Approach #3: Use Regional Hourly Wages as an Indirect Approximation of Cost Differential Among Regions of the State

Chapter 2 discusses how hourly wages for all employees in general differ between the various Metropolitan Statistical Areas (MSAs) in Virginia. This differential can be used to approximate how much more all employers in Northern Virginia pay compared to all employers in the rest of the State. The U.S. Bureau of Labor Statistics reports this data for each MSA in Virginia for all occupations in total, as well as for certain occupations that closely mirror the school division workforce.

The difference between Northern Virginia and the rest of the State using this indirect measure is substantial, but less than the figures cited in Approaches #1 and #2 above. Employers in Northern Virginia (not just school divisions) paid employees in the education, training, and library fields about 20 percent more than in other regions. Employers in Northern Virginia paid those in various other fields that generally align with support staff 23 percent more.

These differences could be used as another, though less direct, measure of the cost of competing for staff in Northern Virginia. The entire percentage could be used an as indirect measure for the cost in sub-market A (Table 5). A lower percentage (reduced in proportion to the upper bound cost as measured in Approach #1) could be used as an indirect measure for sub-market B. This percentage for sub-market B is calculated by reducing the differential by the same proportionate difference in the upper bound cost of competing approach.

Table 5: Difference in Mean Hourly Wages Between Northern Virginia and Rest of State Can Be an Indirect Measure of Cost of Competing

	Instructional		Support	
	Sub-market A	Sub-market B	Sub-market A	Sub-market B
Cost indirectly measured through BLS mean hourly wages	20%	14%	23%	13%

Source: JLARC staff analysis of Selected BLS Economic Indicators, U.S. Bureau of Labor Statistics, March 2012.

DOE WILL NEED TO ESTIMATE THE FINANCIAL IMPACT OF ANY CHANGES TO THE COCA

The Virginia Department of Education (DOE) maintains the SOQ funding formula. To the extent that the General Assembly is interested in changing the amount of the COCA that it recognizes, it would need to request that DOE run the SOQ formula. This would be necessary to determine (1) how the State's SOQ funding amount would change, (2) how this would impact each division's total State funding, and (3) what the total State amount of COCA funding would be and its impact on the general fund.

… whatever cost of competing amount the State chooses to recognize, it would fund only a small portion of the amount recognized.

It is important to emphasize that the composite index is applied to the SOQ formula after the COCA. This means that whatever cost of competing amount the State chooses to recognize, it would fund only a small portion of the amount recognized. Depending on a locality's composite index score, the State funds between 20 and 80 percent of the recognized cost. School divisions in sub-market A have among the highest composite index scores in the State, resulting in a relatively low State SOQ amount per student. School divisions in sub-market B also tend to have higher composite index scores, but there is more variability. The higher ability to pay of certain NoVa localities is, therefore, already accounted for in the SOQ formula. In most cases, the practical effect of this is that the COCA increases the SOQ funding per student, but then this amount is substantially reduced by the composite index.

Though DOE would need to provide the precise estimates of the impact of any potential changes, JLARC staff are providing Figure 19 to illustrate the magnitude of the impact of the three approaches described in this chapter. As shown in the figure, all three approaches would increase the cost to the State and total funding to school divisions compared to the current amount recognized. The amounts shown account for the reduction in the number of divisions that would receive a COCA, as is recommended in Chapter 5 of this report.

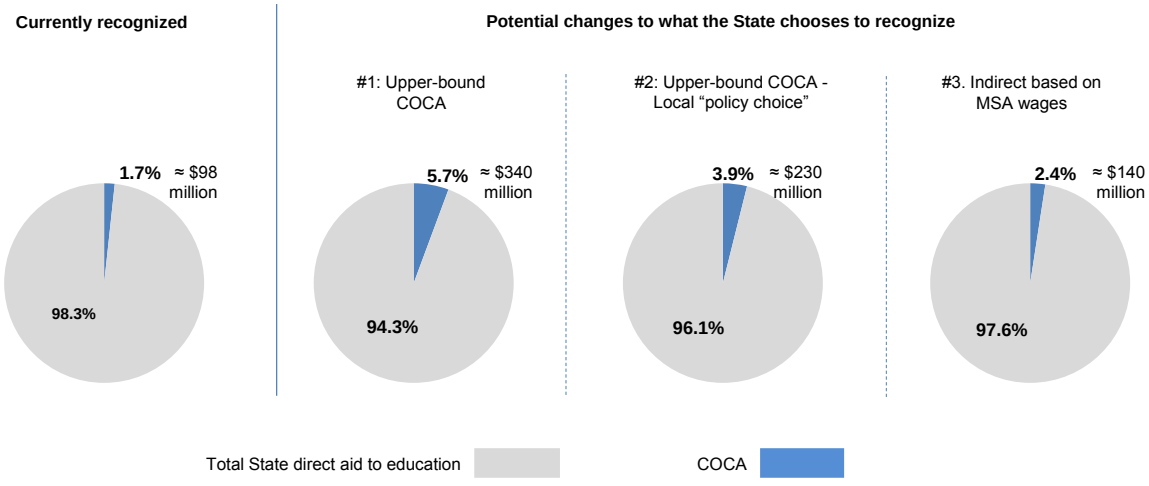
The first approach of recognizing the upper-bound cost of competing could cost the State about $340 million. Recognizing this upper bound could increase the State's total current spending on the cost

of competing by about 250 percent, or about $240 million. Under this first approach, the cost of competing adjustment would comprise about 5.7 percent of total State direct aid for K-12 education.

The second approach, which subtracts local policy choice funds from the upper bound shown above, would be the second most costly approach. This second approach could total about $230 million and represent a more than doubling of the State's current spending on the cost of competing. Under this second approach, the cost of competing would comprise about 3.9 percent of total State direct aid.

Finally, the third approach that indirectly measures the cost of competing using general (not school division) wages in the State's various MSAs would result in the smallest increase of the three approaches. The third approach could total about $140 million and be about a 40 percent increase compared to the current approach. Under this third approach, the cost of competing would account for about 2.4 percent of total State direct aid, up from the about 1.7 percent currently provided.

Figure 19: Illustrative Differences Between Currently Recognized Amount and Three Potential Changes to the Cost of Competing the State Chooses to Recognize



Source: JLARC staff analysis of DOE FY 2013 budget estimates.

JLARC Recommendations:

Technical Report: Cost of Competing Adjustment for School Divisions in Northern Virginia

1. The General Assembly may wish to consider recognizing the cost of competing in two groupings of school divisions. The first group should be comprised of Alexandria, Arlington, Fairfax, Fairfax City, and Falls Church. This first grouping should have the highest cost of competing recognized. The second group should be comprised of Prince William, Loudoun, Stafford, Fauquier, Manassas, and Manassas Park. This second grouping should also have a cost of competing recognized, but one that is less than the first grouping of divisions. (p. 44)
2. The General Assembly may wish to discontinue using the differential in State salaries as the basis for the cost of competing. It may wish to instead calculate the cost of competing using more direct measures of the labor market for school division employees in Northern Virginia. (p. 47)

Appendix A

Study Mandate

APR 25 2012

COMMONWEALTH OF VIRGINIA

FINANCE COMMITTEE
10TH FLOOR, GENERAL ASSEMBLY BUILDING
201 NORTH 9TH STREET
RICHMOND, VIRGINIA 23219
(804) 698-7480
P.O. BOX 396, RICHMOND, VA 23218

WALTER A. STOSCH, CHAIRMAN
CHARLES J. COLGAN, CHAIRMAN EMERITUS

SENATE

April 25, 2012

Glen S. Tittermary, Director
Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building
Capitol Square
Richmond Virginia 23219

Dear Glen:

The cost of competing adjustment for support personnel made to the state's Standards of Quality funding was a key budget issue in the 2012 Session. As you know there are two components, one is the instructional adjustment to help compete for teachers, which had been funded at an additional 9.83 percent for school divisions in Northern Virginian's Planning District 8 and a support adjustment for other personnel, which had previously been funded at 24.61 percent for Planning District 8. Another nine school divisions also in the Washington DC Metropolitan Statistical Area have received lesser adjustments of one-quarter of those amounts since 2007.

We are aware of the 1995 JLARC technical report on the cost of competing in Standards of Quality, which was an update to the 1988 JLARC report on SOQ Costs and Distribution. Given the time period that has elapsed as well as changes that have been adopted in recent years expanding the number of school divisions involved, it is my view that an updated study should be undertaken in order to inform our budgetary decisions going forward. I ask that you conduct such a follow-up review evaluating whether such adjustments are needed in certain school divisions across the state, including whether relative unemployment rates can help improve the measurement of how difficult certain positions are to fill, and options available for refining it, and provide the results prior to the 2013 Session.

Sincerely,

Walter A. Stosch

Walter A. Stosch
Chairman

Appendix B

Research Activities and Methods

This chapter describes the research activities and methods used by JLARC staff to review the cost of competing adjustment provided to some Northern Virginia school divisions. Key research activities and methods for this study included

- analysis of Annual School Report (ASR) data as provided by the Virginia Department of Education (DOE);
- analysis of U. S. Bureau of Labor Statistics (BLS) market data;
- analysis of State employee salary data provided by the Department of Human Resource Management (DHRM);
- survey of school divisions about recruitment and retention efforts;
- structured interviews with DOE and DHRM staff, education related organizations, such as the Virginia Education Association (VEA), the Virginia Association of School Superintendents (VASS) and a variety of local school division administrators; and
- documentation and literature reviews.

ANALYSIS OF DATA

JLARC staff reviewed the average salaries paid by Northern Virginia school divisions and compared these to the State's other divisions. Staff used data that school divisions submit to DOE through the ASR to calculate and compare these salaries. Staff then compared these average school division salaries to the average salaries for similar or identical positions published by the U.S. Bureau of Labor Statistics for the Washington, D.C. Metropolitan Statistical Area (MSA). This MSA includes Northern Virginia, as well as Washington, D.C. and parts of Maryland and West Virginia.

JLARC staff also obtained State employee salary data from DHRM. The data was used to calculate the current difference in salaries between State employees in Northern Virginia and the rest of the State. This was done for all employees by location, then again for selected State job roles that are similar to position categories at local school divisions. Staff also obtained State employee

turnover data, which was used as a point of comparison for turnover in similar position categories at school divisions.

SURVEY OF SCHOOL DIVISIONS

JLARC staff surveyed all Virginia school divisions in order to assess their recruitment and retention efforts and ability to compete with other employers for applicants. This survey was administered via email to school division superintendents. The survey requested information about both instructional and support staff as related to

- recruitment and retention efforts specifically concerning competition for employees, time to fill, effect of the general unemployment rate, and turnover estimates;
- total compensation and acceptance of employment offers;
- applicant pools and applicant quality;
- ability to compete by position for applicants with other employers; and
- employee turnover calculations for specific instructional and support personnel.

A total of 100 divisions responded for a response rate of 75 percent. A copy of the survey is provided in Appendix C.

STRUCTURED INTERVIEWS

Structured interviews were a key research method used by JLARC staff in conducting research for this report. JLARC staff conducted structured interviews with State agencies, education-related organizations, and local school division administrators. These interviews provided background information on the cost of competing adjustment, its effects, and other issues related to the review.

JLARC staff conducted structured interviews with various DOE staff in order to discuss various aspects of the project. Topics discussed included applications of the COCA, definitions of instructional and support staff, factors affecting the COCA, and questions related to the ASR.

JLARC staff also met with DHRM staff to gather information related to State employment and the State's efforts at providing a cost of competing adjustment to Northern Virginia localities. Additionally, staff discussed State turnover as well as the State's employee classification system.

In addition, JLARC staff interviewed several school division administrators and education-related organizations to understand the impact of the COCA on both its recipients and those who do not receive an adjustment.

DOCUMENT AND LITERATURE REVIEWS

JLARC staff reviewed documents from a variety of sources. Some documents were provided by State agencies and school divisions, while others were found on federal websites such as BLS. These documents included information related to average salaries, turnover, and employee job descriptions.

Appendix C

School Division Survey

JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

Study of the Cost of Competing Adjustment:

Template to Collect Information From School Divisions About Recruiting and Retention

The Joint Legislative Audit and Review Commission (JLARC) has been directed to study the cost of competing adjustment applied to the Standards of Quality (SOQ) formula for Northern Virginia school divisions. JLARC staff have developed this template to ask questions about recruiting and retention, and collect information on school division turnover for both instructional and support staff.

JLARC staff are requesting that each school division complete this template electronically, save the file with your school division's name in the file name, and then e-mail the completed file back to JLARC. *Before proceeding to Tab I, please enter your contact information and read the instructions below* . Please contact **Anna Haley at ahaley@jlarc.virginia.gov** if you have questions, and mail your completed template to her at the same e-mail address. JLARC staff request that all school divisions complete and return their template no later than **Monday, October 15th**.

Thank you in advance for providing this information. It is an essential component of JLARC's review, which will present options to the General Assembly related to the cost of competing adjustment. The study will be completed and publicly-released in December 2012.

Contact Information

School Division: _____

Name: _____ *Phone Number:* _____

Title: _____ *E-mail Address:* _____

Instructions

This template is designed to capture information about your division's ability to recruit and retain both instructional and support staff. To ensure consistency in how school divisions categorize their employees, JLARC staff are using the same position categories and coding that the Virginia Department of Education used in the most recent data collection effort for the Annual School Report (ASR). To the extent possible, please categorize employees the same way your division does on the ASR Financial Section.

This template has three tabs. In each tab, the cells in which you are requested to provide information or select an answer are shaded in light yellow. You may find it useful to print this template and examine the questions prior to beginning. Some questions request that you gather specific data about staffing for certain instructional and support staff positions

Tab I includes a series of general questions regarding recruitment and retention, and salaries and benefits as related to both instructional and support staff in your division. To answer these questions, please click on the lower right corner of each cell and use the "pick-list" that appears to select your answers. The next two tabs in this template are identical, with the exception that Tab II asks for information about instructional staff positions and Tab III asks for information about support staff positions.

Tabs II and III each include two sections. The first section has three questions. When responding to these questions please click on the lower right corner of each cell and use the "pick-list" that appears to select your answers. The second section asks a series of questions related to the turnover your division has experienced for each ASR position category in question. If the question does not apply, please type "N.A." or type "DK" if you do not know or do not have the data to provide the information requested. When providing this information on staff turnover, please use the most recent complete year for which you have data, which should ideally be FY 2012 or school year 2011-2012.

When you have completed this template, please save the file using a name that includes your school division name. Please e-mail the completed file to ahaley@jlarc.virginia.gov.

TAB I -

Overall Questions About Instructional and Support Staffing

	Instructional Staff	Support Staff
Recruitment and Retention		
1. Which type of employers does your school division primarily compete with for employees?		
2. Which type of employers does your school division also compete with for employees? (select up to three)		
3. In general, about how long after your division advertises a position does it take to hire a qualified applicant?		
4. What relationship, if any, does your division see between the local unemployment rate and your ability to recruit and retain staff?		
5. What is the estimated percentage of staffing in your division that "turns over" annually (turnover is defined as the percentage of staff that voluntarily left or retired compared to total staffing)?		
Salaries and Benefits		
6. In general, how do your division's salaries compare to what other competitor employers offer?		
7. In general, how do your division's retirement and health insurance benefits compare to what other competitor employers offer?		
8. When considering the total compensation (salaries and benefits) your division provides, in general, how does it compare to what other competitor employers offer?		
9. In general, what proportion of applicants who do not accept employment offers made by your division do so because he or she has been offered a more valuable salary and benefits package than what your school division is offering?		

TAB II -

General Questions and Data Entry About Selected
<u>Instructional</u> Position Categories

<u>Instructional</u> ASR Codes and Position Categories
(Please answer questions at left for each ASR position category shown below)

61100	61100	61210	61230	61320	61410	61410
Instructional Classroom - Teacher	Instructional Classroom - Teacher Aides	Guidance Counselors	Homebound Instructional	Media Librarian	Principal	Assistant Principal

General Questions About Position Categories
(please use "pick-list" to answer)

1. How would you characterize, in general terms, the <u>size</u> of the applicant pool during the last two years?							
2. How would you characterize, in general terms, the <u>quality</u> of the applicant pool for during the last two years?							
3. How effectively, in general terms, has your school division been able to compete with other employers for high quality applicants during the last two years?							

Data Entry of Various Position Category Statistics - FY 2012
(please enter <u>whole numbers</u> directly into cells, or "N/A" if not applicable, or "DK" if you do not know)

4. How many employees were in this category at the start of FY 2012?							
5. How many employees were hired in this category during FY 2012?							
6. How many employees vacated or separated (for any reason) from their positions in this category during FY 2012?							
7. How many of the total employees that vacated or separated did so ...							
... voluntarily for reasons other than retirement?							
... because they retired?							
... because they were laid-off, dismissed, or did not have their contract renewed?							
... for reasons other than cited above (including illness or death)?							
8. How many employees were in this category at the end of FY 2012?							

TAB III -

General Questions and Data Entry About Selected
Support Position Categories

Support ASR Codes and Position Categories

(Please answer questions at left for each ASR position category shown below)

61410	61310	61310	62100	62200	63000	64000	64000	68000	68000
Principal Clerical	Improvement, Instructional	Improvement, Clerical	Administration, Clerical	Attendence & Health, School Nurse	Transportation, Operative	Operations & Maintenance, Service	Operations & Maintenance, Trades	Technology, Instructional	Technology, Technical Support

General Questions About Position Categories

(please use "pick-list" to answer)

1. How would you characterize, in general terms, the size of the applicant pool during the last two years?									
2. How would you characterize, in general terms, the quality of the applicant pool for during the last two years?									
3. How effectively, in general terms, has your school division been able to compete with other employers for high quality applicants during the last two years?									

Data Entry of Various Position Category Statistics - FY 2012

(please enter whole numbers directly into cells, or "N/A" if not applicable, or "DK" if you do not know)

4. How many employees were in this category at the start of FY 2012?									
5. How many employees were hired in this category during FY 2012?									
6. How many employees vacated or separated (for any reason) from their positions in this category during FY 2012?									
7. How many of the total employees that vacated or separated did so ...									
... voluntarily for reasons other than retirement?									
... because they retired?									
... because they were laid-off, dismissed, or did not have their contract renewed?									
... for reasons other than cited above (including illness or death)?									
8. How many employees were in this category at the end of FY 2012?									

Appendix **D**

Instructional Staff Survey Results: Recruitment

Statewide, 86% of divisions responded that they had "about enough applicants" or "more than enough applicants" for teaching positions in 2011 and 2012. 89% described their applicants as "sufficiently high qualified." In addition, 86% stated they were able to compete with other employers for high quality applicants.

Table D-1: Teachers

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	○	●	○	●	●	○	●	●	●	○	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	○	●	●	●	●	○	●	●	●	●	●	●
Able to compete with other employers	●	●	●	●	●	●	●	○	●	●	○	●	●	●	○	●	●

● - Yes ○ - No

Source: JLARC staff analysis of survey results.

Statewide, approximately 97% of divisions responded that they had "about enough applicants" or "more than enough applicants" for teacher aide positions in 2011 and 2012. Approximately 94% described their applicants as "sufficiently high qualified." In addition, approximately 93% stated they were able to compete with other employers for high quality applicants.

Table D-2: Teacher Aides

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●	●	●
Able to compete with other employers	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 70% of divisions responded that they had "about enough applicants" or "more than enough applicants" for guidance counselor positions in 2011 and 2012. 86% described their applicants as "sufficiently high qualified." In addition, 86% stated they were able to compete with other employers for high quality applicants.

Table D-3: Guidance Counselors

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	○	●	●	●	○	○	○	●	●	○	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	○	●	●	○	○	●	●	●	○	●	●
Able to compete with other employers	●	●	●	●	●	●	●	●	●	●	○	●	●	●	○	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 72% of divisions responded that they had "about enough applicants" or "more than enough applicants" for homebound instructional positions in 2011 and 2012. Approximately 82% described their applicants as "sufficiently high qualified." In addition, approximately 86% stated they were able to compete with other employers for high quality applicants.

Table D-4: Homebound Instructional

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	○	●	○	○	●	●	-	●	○	○	-	●	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	●	-	●	○	○	-	●	●	○	●	●
Able to compete with other employers	●	●	●	○	●	●	●	-	●	●	●	-	●	●	●	●	●

Note: Some divisions reported that their salaried teachers provide homebound instructional services.

Source: JLARC staff analysis of survey results.

Statewide, approximately 61% of divisions responded that they had "about enough applicants" or "more than enough applicants" for media librarian positions in 2011 and 2012. Approximately 70% described their applicants as "sufficiently high qualified." In addition, approximately 78% stated they were able to compete with other employers for high quality applicants.

Table D-5: Media Librarians

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	●	○	○	●	○	○	●	○	○	○	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	○	○	●	○	○	●	●	○	○	●	●
Able to compete with other employers	●	●	●	●	●	●	●	○	●	●	○	●	●	○	○	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 81% of divisions responded that they had "about enough applicants" or "more than enough applicants" for principal positions in 2011 and 2012. Approximately 79% described their applicants as "sufficiently high qualified." In addition, approximately 78% stated they were able to compete with other employers for high quality applicants.

Table D-6: Principals

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	○	●	○	●	○	●	○	●	●	○	●	●	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	○	●	●	●	●	○	●	●	○	○	●	●
Able to compete with other employers	●	●	●	●	●	●	●	○	●	●	○	●	●	●	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 90% of divisions responded that they had "about enough applicants" or "more than enough applicants" for assistant principal positions in 2011 and 2012. Approximately 82% described their applicants as "sufficiently high qualified." In addition, approximately 79% stated they were able to compete with other employers for high quality applicants.

Table D-7: Assistant Principals

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	○	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	●	●	●	●	○	●	●	○	●	●	●
Able to compete with other employers	●	●	●	●	●	●	●	●	●	●	○	●	●	●	○	●	●

Source: JLARC staff analysis of survey results.

Appendix E

Support Staff Survey Results: Recruitment

Statewide, approximately 97% of divisions responded that they had "about enough applicants" or "more than enough applicants" for principal clerical positions in 2011 and 2012. Approximately 92% described their applicants as "sufficiently high qualified." In addition, approximately 94% stated they were able to compete with other employers for high quality applicants.

Table E-1: Principal, Clerical

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Able to compete with other employers	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● - Yes ○ - No

Source: JLARC staff analysis of survey results.

Statewide, approximately 88% of divisions responded that they had "about enough applicants" or "more than enough applicants" for improvement instructional positions in 2011 and 2012. Approximately 90% described their applicants as "sufficiently high qualified." In addition, approximately 88% stated they were able to compete with other employers for high quality applicants.

Table E-2: Improvement, Instructional

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	–	●	●	–	●	●	○	–	●	●	●	–	●	●	●	●	●
Applicants are of sufficiently high quality	–	●	●	–	●	●	○	–	●	●	●	–	●	●	●	●	●
Able to compete with other employers	–	●	●	–	●	●	●	–	●	●	○	–	●	●	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 95% of divisions responded that they had "about enough applicants" or "more than enough applicants" for improvement clerical positions in 2011 and 2012. Approximately 89% described their applicants as "sufficiently high qualified." In addition, approximately 93% stated they were able to compete with other employers for high quality applicants.

Table E-3: Improvement, Clerical

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	–	●	●	●	●	●	○	–	●	●	●	–	●	●	●	●	●
Applicants are of sufficiently high quality	–	●	●	●	●	●	○	–	●	●	●	–	●	●	●	●	●
Able to compete with other employers	–	●	●	●	●	●	●	–	●	●	○	–	●	●	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 95% of divisions responded that they had "about enough applicants" or "more than enough applicants" for administration clerical positions in 2011 and 2012. Approximately 87% described their applicants as "sufficiently high qualified." In addition, approximately 91% stated they were able to compete with other employers for high quality applicants.

Table E-4: Administration, Clerical

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●
Able to compete with other employers	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 65% of divisions responded that they had "about enough applicants" or "more than enough applicants" for school nurse positions in 2011 and 2012. Approximately 82% described their applicants as "sufficiently high qualified." In addition, approximately 75% stated they were able to compete with other employers for high quality applicants.

Table E-5: Attendance and Health, School Nurse

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	–	○	○	●	●	●	●	○	●	●	○	○	○	●	●
Applicants are of sufficiently high quality	●	●	–	●	●	○	●	●	●	○	●	●	●	○	○	●	●
Able to compete with other employers	●	●	–	●	○	●	●	○	●	○	○	●	●	○	○	●	●

Note: School Nurses - School Nurses are employees of Fairfax County Government, and FCPS contracts with the county to provide these services for students.

Source: JLARC staff analysis of survey results.

Statewide, approximately 49% of divisions responded that they had "about enough applicants" or "more than enough applicants" for transportation operative positions in 2011 and 2012. Approximately 64% described their applicants as "sufficiently high qualified." In addition, approximately 65% stated they were able to compete with other employers for high quality applicants.

Table E-6: Transportation, Operative

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	○	●	○	○	○	○	○	●	○	○	●	○	○	○
Applicants are of sufficiently high quality	●	●	●	○	●	○	●	●	●	○	○	○	●	○	○	●	○
Able to compete with other employers	●	●	●	○	●	●	●	○	○	●	○	○	●	○	●	●	○

Source: JLARC staff analysis of survey results.

Statewide, approximately 77% of divisions responded that they had "about enough applicants" or "more than enough applicants" for operations and maintenance service positions in 2011 and 2012. Approximately 72% described their applicants as "sufficiently high qualified." In addition, approximately 82% stated they were able to compete with other employers for high quality applicants.

Table E-7: Operations and Maintenance, Service

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	○	●	○	●	●	–	–	●	●	○	●	●
Applicants are of sufficiently high quality	●	●	○	●	●	○	●	○	●	○	–	–	○	●	○	●	●
Able to compete with other employers	●	●	○	●	●	●	●	○	○	●	–	–	●	○	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 70% of divisions responded that they had "about enough applicants" or "more than enough applicants" for operations and maintenance trades positions in 2011 and 2012. Approximately 70% described their applicants as "sufficiently high qualified." In addition, approximately 73% stated they were able to compete with other employers for high quality applicants.

Table E-8: Operations and Maintenance, Trades

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	●	●	○	●	○	●	○	–	–	○	●	○	●	●
Applicants are of sufficiently high quality	●	●	○	●	●	○	●	○	●	○	–	–	○	●	○	●	●
Able to compete with other employers	●	●	○	●	●	●	●	○	○	●	–	–	●	○	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 73% of divisions responded that they had "about enough applicants" or "more than enough applicants" for technology instructional positions in 2011 and 2012. Approximately 84% described their applicants as "sufficiently high qualified." In addition, approximately 84% stated they were able to compete with other employers for high quality applicants.

Table E-9: Technology, Instructional

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	○	●	●	●	●	○	●	○	–	–	○	●	●	●	●
Applicants are of sufficiently high quality	●	●	●	●	●	●	●	○	●	○	–	–	●	●	○	●	●
Able to compete with other employers	●	●	○	●	●	●	●	○	○	●	–	–	●	●	●	●	●

Source: JLARC staff analysis of survey results.

Statewide, approximately 63% of divisions responded that they had "about enough applicants" or "more than enough applicants" for technology instructional positions in 2011 and 2012. 66% described their applicants as "sufficiently high qualified." In addition, approximately 68% stated they were able to compete with other employers for high quality applicants.

Table E-10: Technology, Technical Support

	COCA								Phased-In								
Question	Alexandria	Arlington	Fairfax County	Falls Church	Loudoun	Manassas	Manassas Park	Prince William	Clarke	Culpeper	Fauquier	Frederick	Fredericksburg	Spotsylvania	Stafford	Warren	Winchester
Applicant pool is of sufficient size	●	●	●	○	●	●	●	–	●	○	–	○	○	○	●	●	●
Applicants are of sufficiently high quality	●	●	●	○	●	●	●	–	●	○	–	○	●	○	○	●	●
Able to compete with other employers	●	●	○	●	○	●	●	–	○	●	–	○	●	○	●	●	●

Source: JLARC staff analysis of survey results.

Appendix F

Comparison of Salaries for Selected Instructional Staff to Market Salary Data

This appendix compares the salaries for selected school division instructional positions to comparable positions in the Washington, D.C. Metropolitan Statistical Area (MSA). Data for the Washington, D.C. MSA was obtained from the Bureau of Labor Statistics (BLS) "May 2011 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates (Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division)." The Washington, D.C. MSA includes:

- District of Columbia
- The following Virginia localities: Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren counties, and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park cities
- The following Maryland localities: Calvert, Charles, Frederick, Montgomery, and Prince George's counties
- Jefferson County, West Virginia

The instructional positions in this appendix represent 64 percent of the full-time equivalent employees (FTEs) in the COCA divisions. The following two instructional positions are not included in this appendix because comparable BLS positions could not be identified: assistant principals (which represent 1.35 percent of COCA division FTEs) and homebound instructional teachers (which represent 0.12 percent of COCA FTEs).

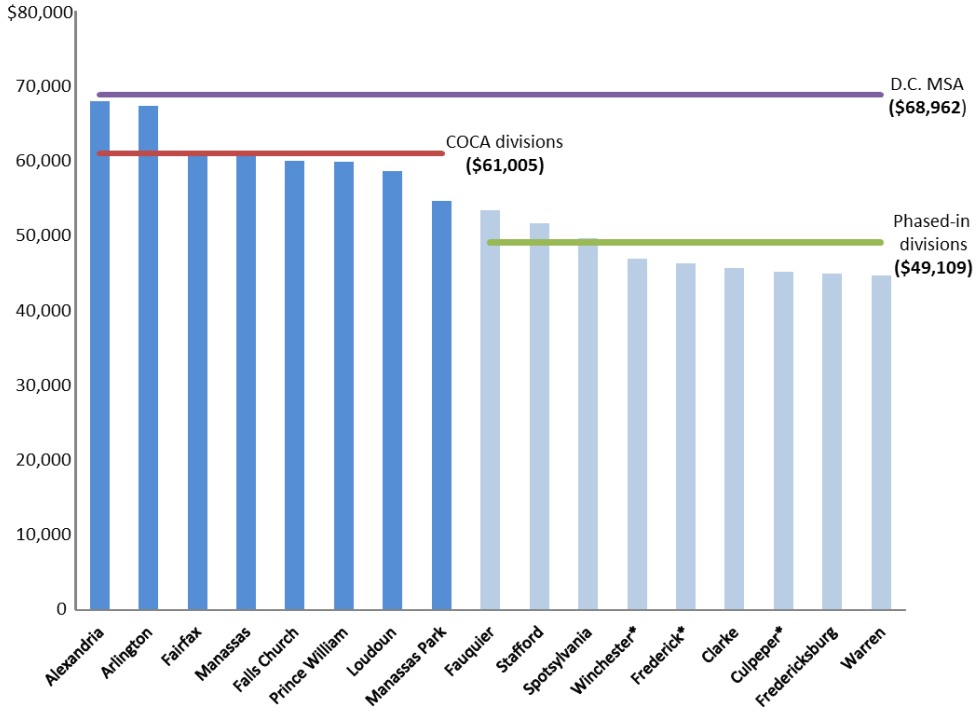
Teachers

Classroom teachers represent approximately 50 percent of the FTEs in the COCA divisions. For each division receiving the COCA, JLARC staff calculated an average salary for teachers (elementary and secondary combined, excluding homebound instruction and substitutes) and compared that to a combined average weighted salary for the following BLS positions:

- Kindergarten, Elementary, Middle, and Secondary School Teachers, except Special Education (four different BLS positions)
- Special Education Teachers, Preschool, Kindergarten, and Elementary School; Middle School; and High School (three different BLS positions)
- Career/Technical Education Teachers, Middle School and Secondary School (two different BLS positions)

Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Instructional Classroom – Teacher (VDOE)	Compensation for those who provide instruction, learning experiences, and care to students during the contract period (i.e., regular instructional day) or in a given discipline. (Include teachers, instructional supervisors, and instructional specialists, including speech language pathologist.)	33,424 FTEs (in COCA divisions)
School Teachers (BLS)	Teach students in one or more subjects, such as English, mathematics, or social studies at the elementary, middle, and secondary levels in public or private schools. Includes special education and career/technical education teachers, but excludes substitute teachers.	53,870 employees in sample

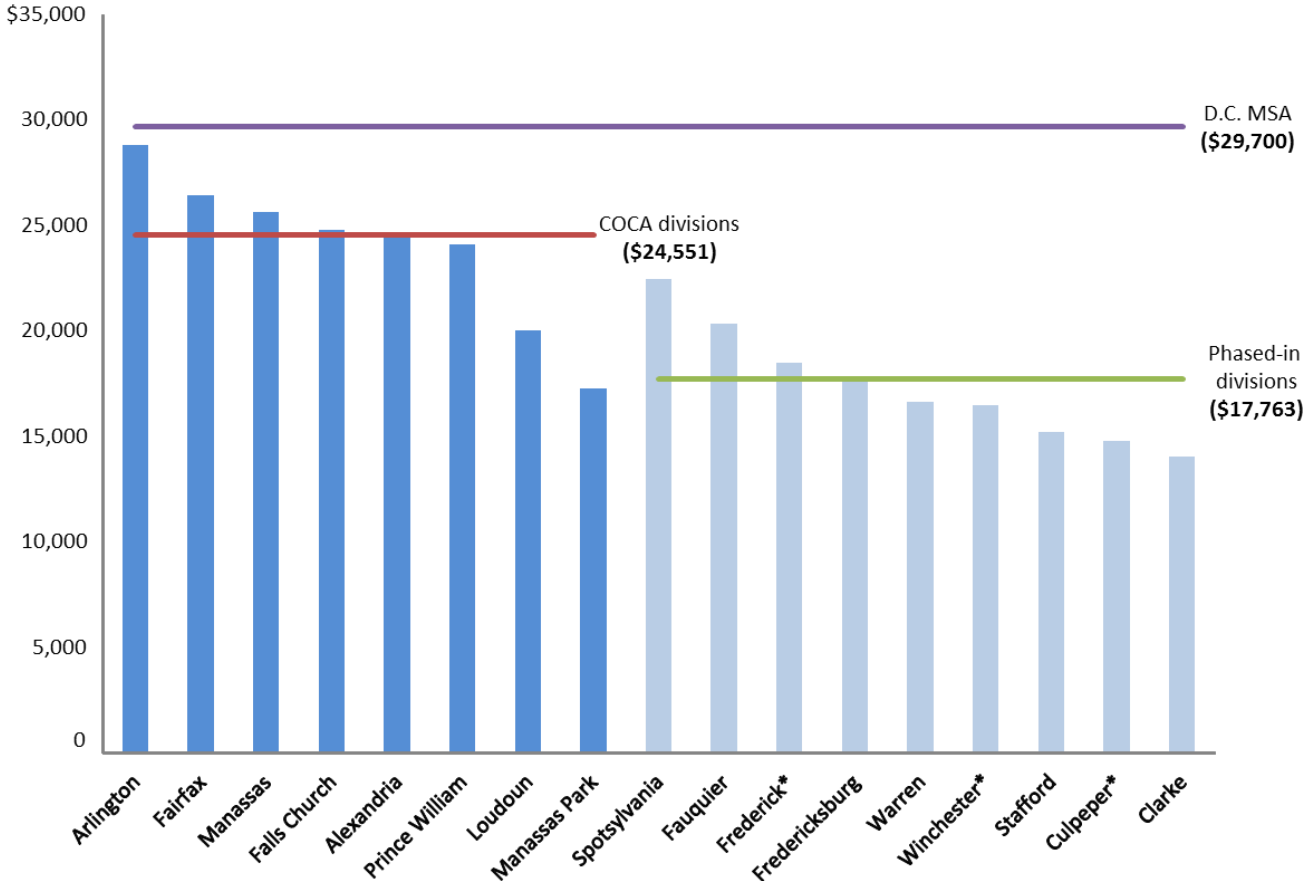


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Instructional Classroom - Teacher Aides

For each division, JLARC staff calculated an average salary for teacher aides (elementary and secondary combined) and compared that to a combined average weighted salary for the following BLS position: Teacher Assistants. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Instructional Classroom - Teacher Aides (VDOE)	Compensation for those who assist a teacher with routine activities associated with teaching (i.e., those activities requiring minor decisions regarding students, such as conducting rote exercises, operating equipment, and clerking).	6,252 FTEs (in COCA divisions)
Teacher Assistants (BLS)	Teacher assistants perform duties that are instructional in nature or deliver direct services to students or parents. Serve in a position for which a teacher has ultimate responsibility for the design and implementation of educational programs and services. Excludes "Graduate Teaching Assistants."	17,330 employees in sample

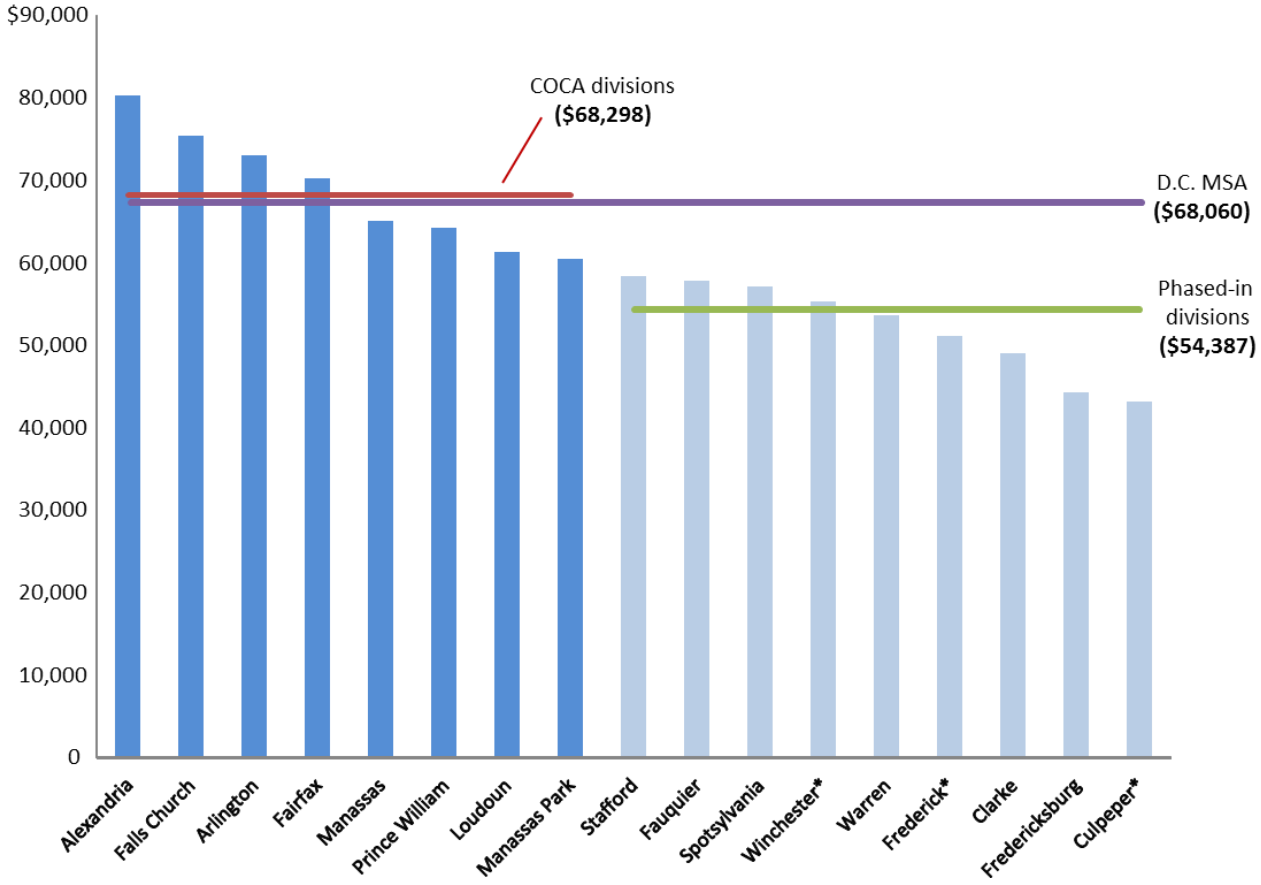


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Guidance Counselors

For each division, JLARC staff calculated an average salary for guidance counselors (elementary and secondary combined) and compared that to a combined average weighted salary for the following BLS position: Educational, Guidance, School and Vocational Counselors. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Guidance Counselors (VDOE)	Guidance services are activities involving counseling students and parents, consulting with other staff members on learning problems, evaluating the abilities of students, assisting students as they make educational and career plans, assisting students with personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for students.	1,384 FTEs (in COCA divisions)
Educational, Guidance, School and Vocational Counselors (BLS)	Counsel individuals and provide group educational and vocational guidance services.	4,100 employees in sample

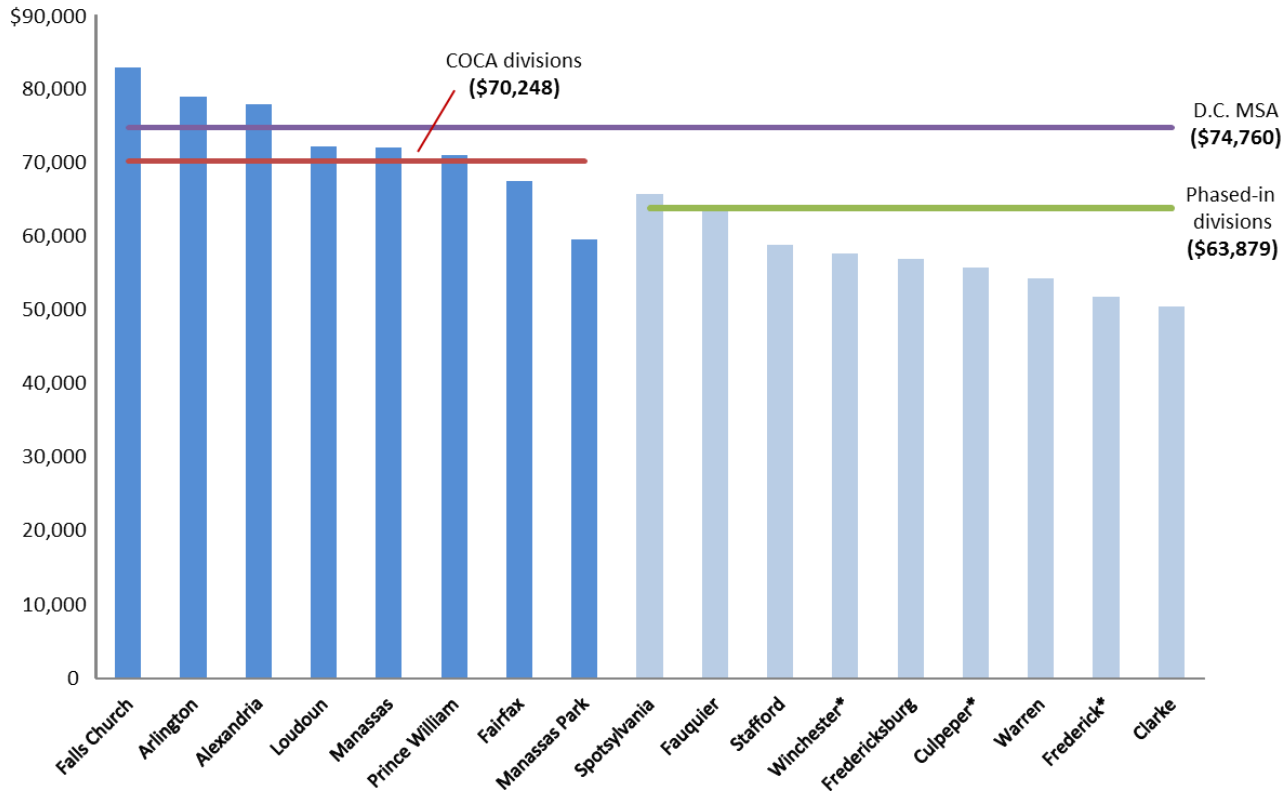


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Librarians

For each division, JLARC staff calculated an average salary for guidance counselors (elementary and secondary combined) and compared that to a combined average weighted salary for the following BLS position: Librarians. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Media Librarian (VDOE)	Compensation for those who develop plans for and manage the use of teaching and learning resources, including the maintenance of equipment, content material, services, multimedia, and information sources.	647 FTEs (in COCA divisions)
Librarians (BLS)	Administer libraries and perform related library services. Work in a variety of settings, including public libraries, educational institutions, museums, corporations, government agencies, law firms, non-profit organizations, and healthcare providers. Tasks may include selecting, acquiring, cataloguing, classifying, circulating, and maintaining library materials; and furnishing reference, bibliographical, and readers' advisory services. May perform in-depth, strategic research, and synthesize, analyze, edit, and filter information. May set up or work with databases and information systems to catalogue and access information.	3,440 employees in sample

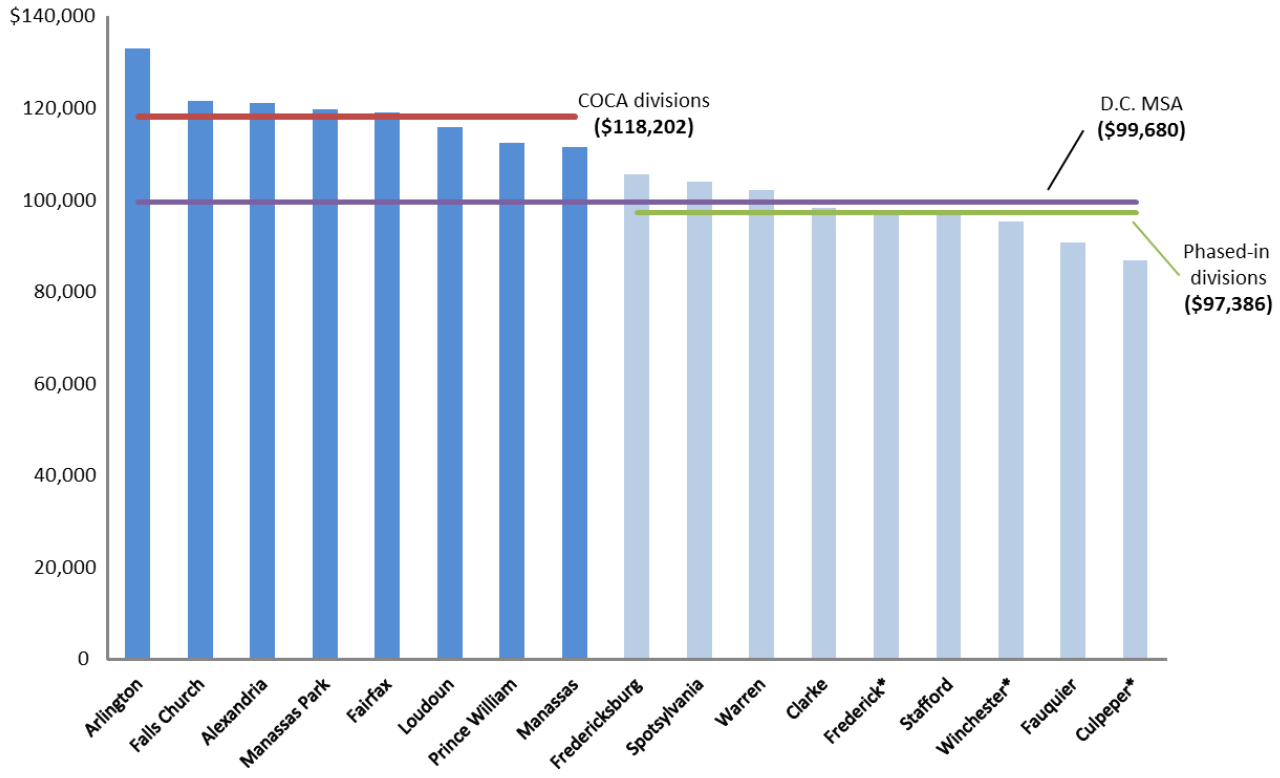


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Principals

For each division, JLARC staff calculated an average salary for principals (elementary and secondary combined) and compared that to a combined average weighted salary for the following BLS position: Education Administrators – Elementary and Secondary Schools. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Principals (VDOE)	Compensation for those who perform the highest level of executive management functions in an individual school, a group of schools, or units of a school system. Responsibilities include the administration of instructional programs, extracurricular programs, community relations, operation of the school plant, selection and evaluation of professional and support staff, and the coordination of staff and student activities.	569 FTEs (in COCA divisions)
Education Administrators – Elementary and Secondary Schools (BLS)	Plan, direct, or coordinate the academic, administrative, or auxiliary activities of public or private elementary or secondary level schools.	3,740 employees in sample



*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Appendix G

Comparison of Salaries for Selected Support Staff to Market Salary Data

This appendix compares the salaries for selected school division support positions to comparable positions in the Washington, D.C. Metropolitan Statistical Area (MSA). Data for the Washington, D.C. MSA was obtained from the Bureau of Labor Statistics (BLS) "May 2011 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates (Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division)." The Washington, D.C. MSA includes:

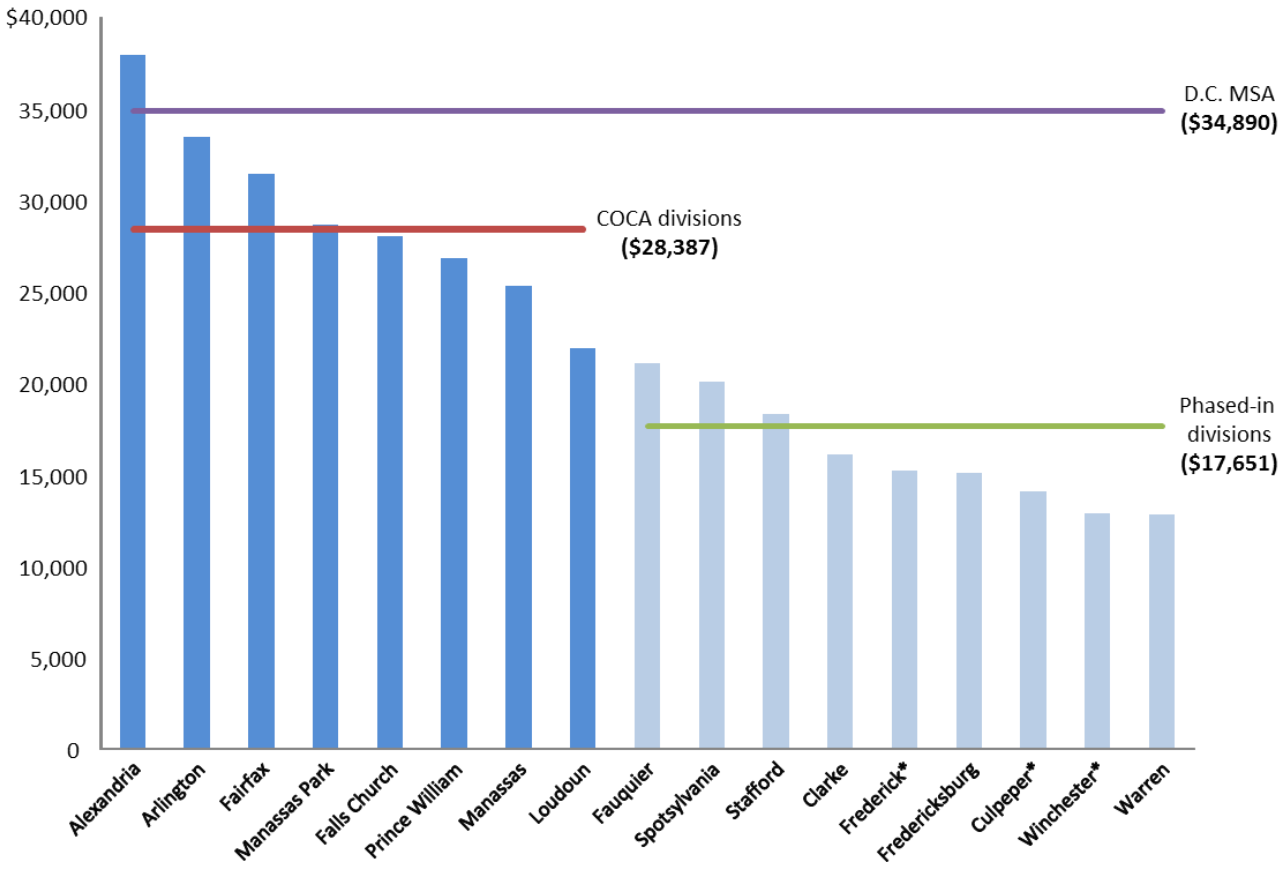
- District of Columbia
- The following Virginia localities: Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren counties, and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park cities
- The following Maryland localities: Calvert, Charles, Frederick, Montgomery, and Prince George's counties
- Jefferson County, West Virginia

School division positions included in this analysis were selected based on whether comparable positions could be found in the BLS data. The support positions in this appendix represent ten percent of the total full-time equivalent employees (FTEs) in the COCA divisions, and 28 percent of the support FTEs in the COCA divisions.

Transportation - Operative

For each division, JLARC staff calculated an average salary for the Transportation Operative position and compared that to the average salary for the following BLS position: Bus Drivers, School or Special Client. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Transportation - Operative (VDOE)	Performs tasks requiring intermediate level manual skills. This includes bus drivers and vehicle operators.	5,074 FTEs (in COCA divisions)
Bus Drivers, School or Special Client (BLS)	Transport students or special clients, such as the elderly or persons with disabilities. Ensure adherence to safety rules. May assist passengers in boarding or exiting.	6,060 employees in BLS sample

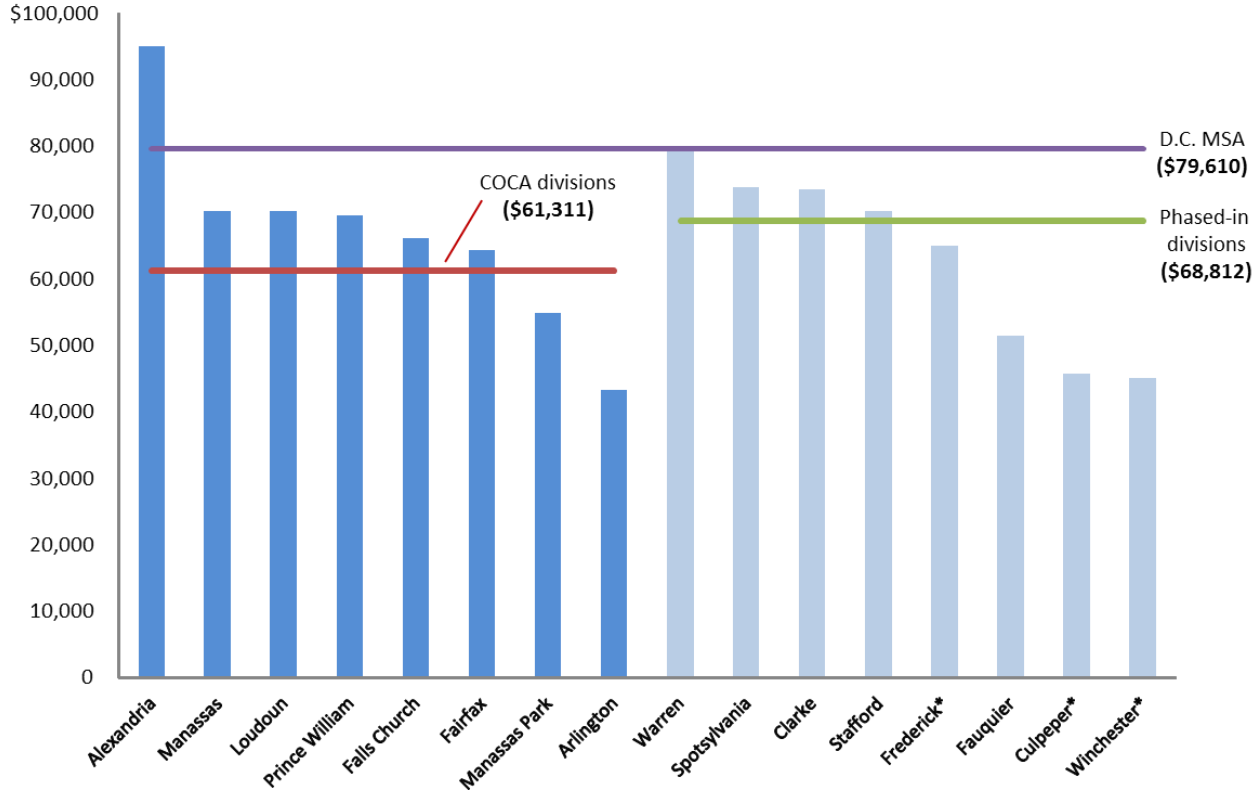


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Improvement Instructional

For each division, JLARC staff calculated an average salary for the Improvement Instructional position (elementary and secondary combined) and compared that to the average salary for the following BLS position: Instructional Coordinators. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Improvement Instructional (VDOE)	The "Improvement of Instruction" function code is for activities that assist instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development, techniques of instruction, child development, staff training, etc. The "Instructional Salaries and Wages" object code is for compensation for those who provide instruction, learning experiences, and care to students during the contract period (i.e., regular instructional day) or in a given discipline. (Include teachers, instructional supervisors, and instructional specialists, including speech language pathologist.)	723 FTEs (in COCA divisions)
Instructional Coordinators (BLS)	Develop instructional material, coordinate educational content, and incorporate current technology in specialized fields that provide guidelines to educators and instructors for developing curricula and conducting courses. Includes educational consultants and specialists, and instructional material directors.	3,750 employees in BLS sample

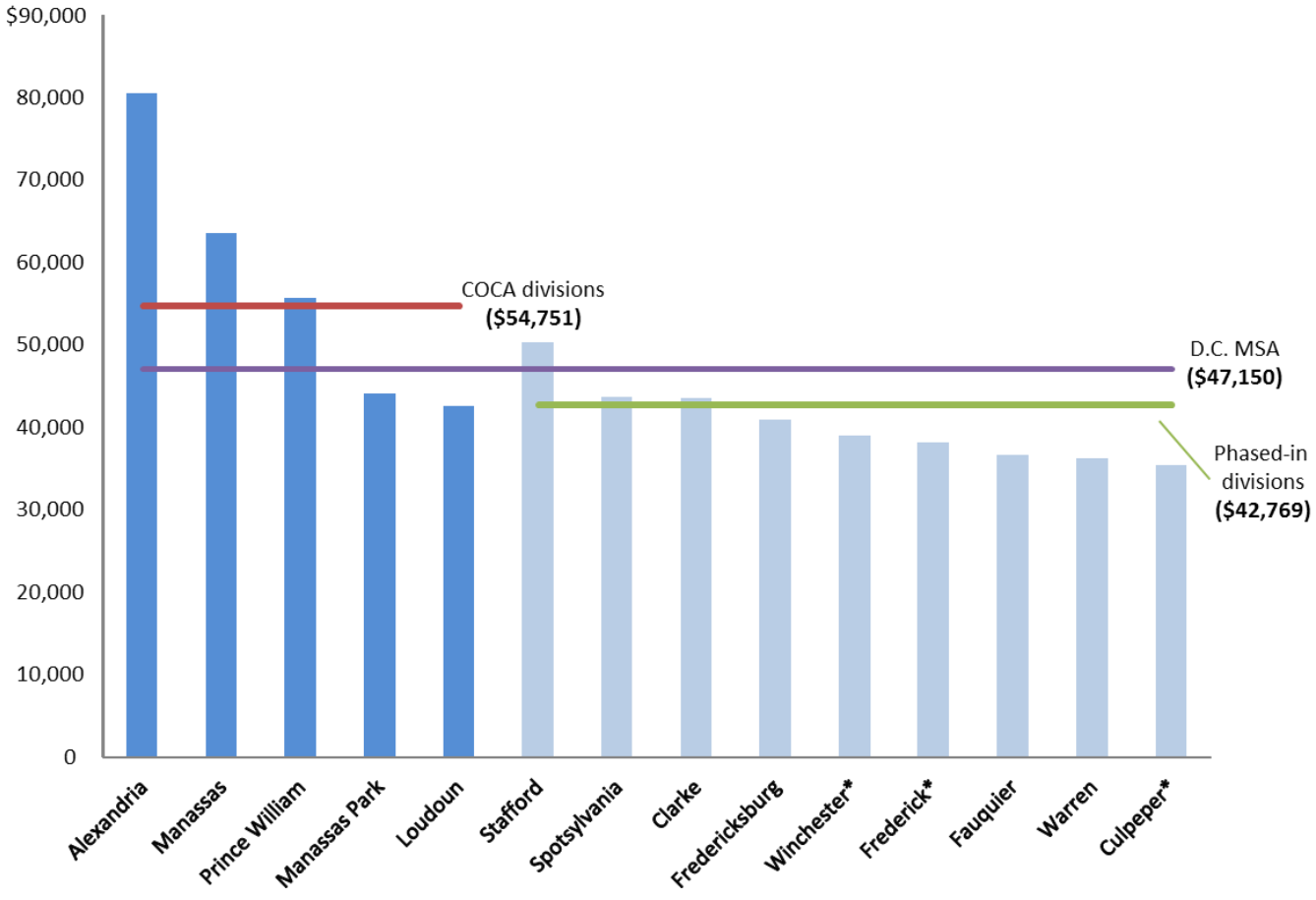


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Attendance and Health – School Nurse

For each division, JLARC staff calculated an average salary for school nurses and compared that to the average salary for the following BLS position: Licensed Practice and Licensed Vocational Nurses. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
School Divisions (VDOE)	Individuals who conduct a health service program at a school or system for the evaluation, improvement, and protection of the health of students and school personnel in accordance with state law and local policies and procedures.	1,467 FTEs (in COCA divisions)
Licensed Practice and Licensed Vocational Nurses (BLS	Individuals who care for ill, injured, or convalescing patients or persons with disabilities in hospitals, nursing homes, clinics, private homes, group homes, and similar institutions. May work under the supervision of a registered nurse. Licensing required.	6,780 employees in BLS sample

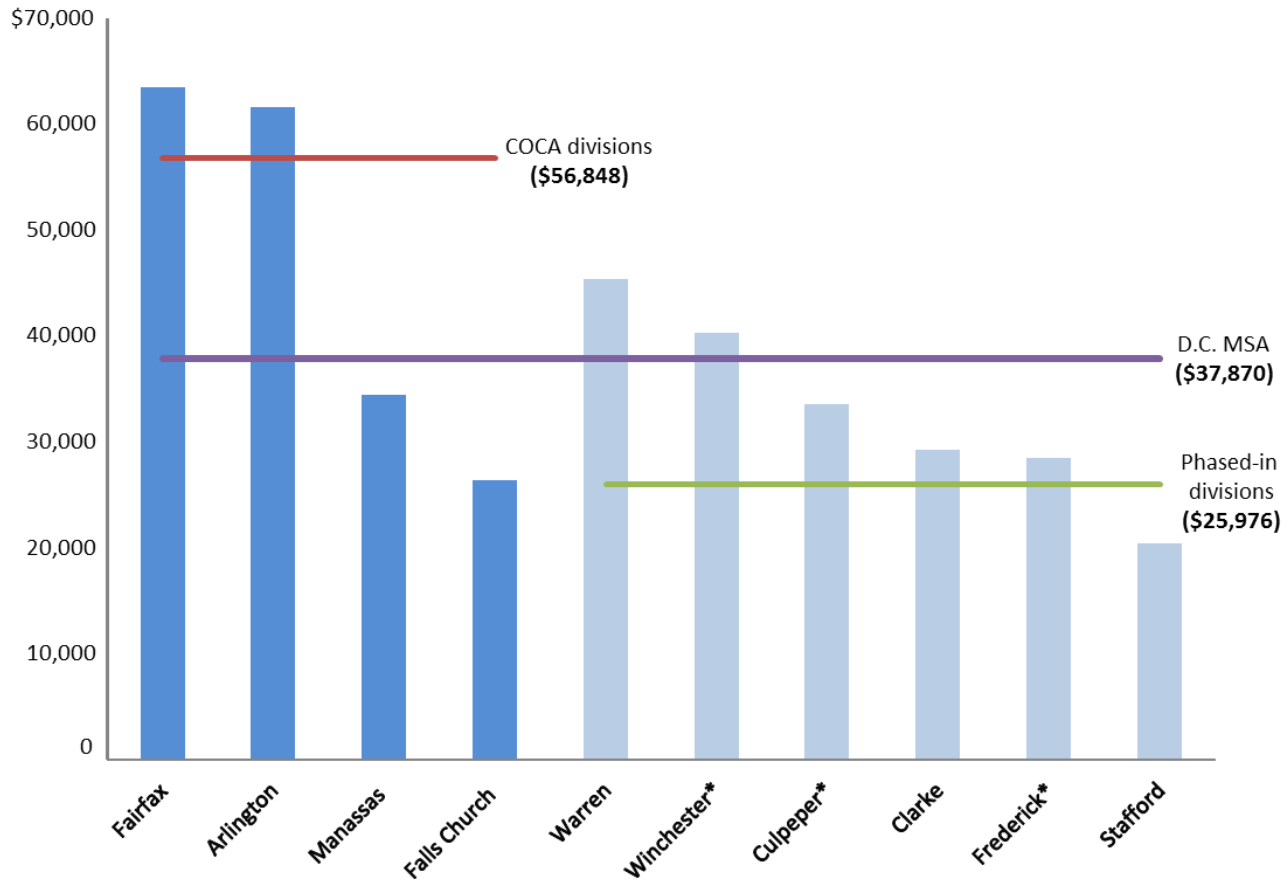


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.
Note: School divisions in Arlington, Fairfax, and Falls Church did not have salary information or FTEs in the "Attendance and Health, School Nurse" category on the 2011 ASR.

Security Guard

For each division, JLARC staff calculated an average salary for security guards and compared that to the average salary for the following BLS position: Security Guards. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Security Guards (VDOE)	Those who provide protective services for school facilities.	71 FTEs (in COCA divisions)
Security Guards (BLS)	Guard, patrol, or monitor premises to prevent theft, violence, or infractions of rules. May operate x-ray and metal detector equipment. Excludes "Transportation Security Screeners"	29,980 employees in BLS sample

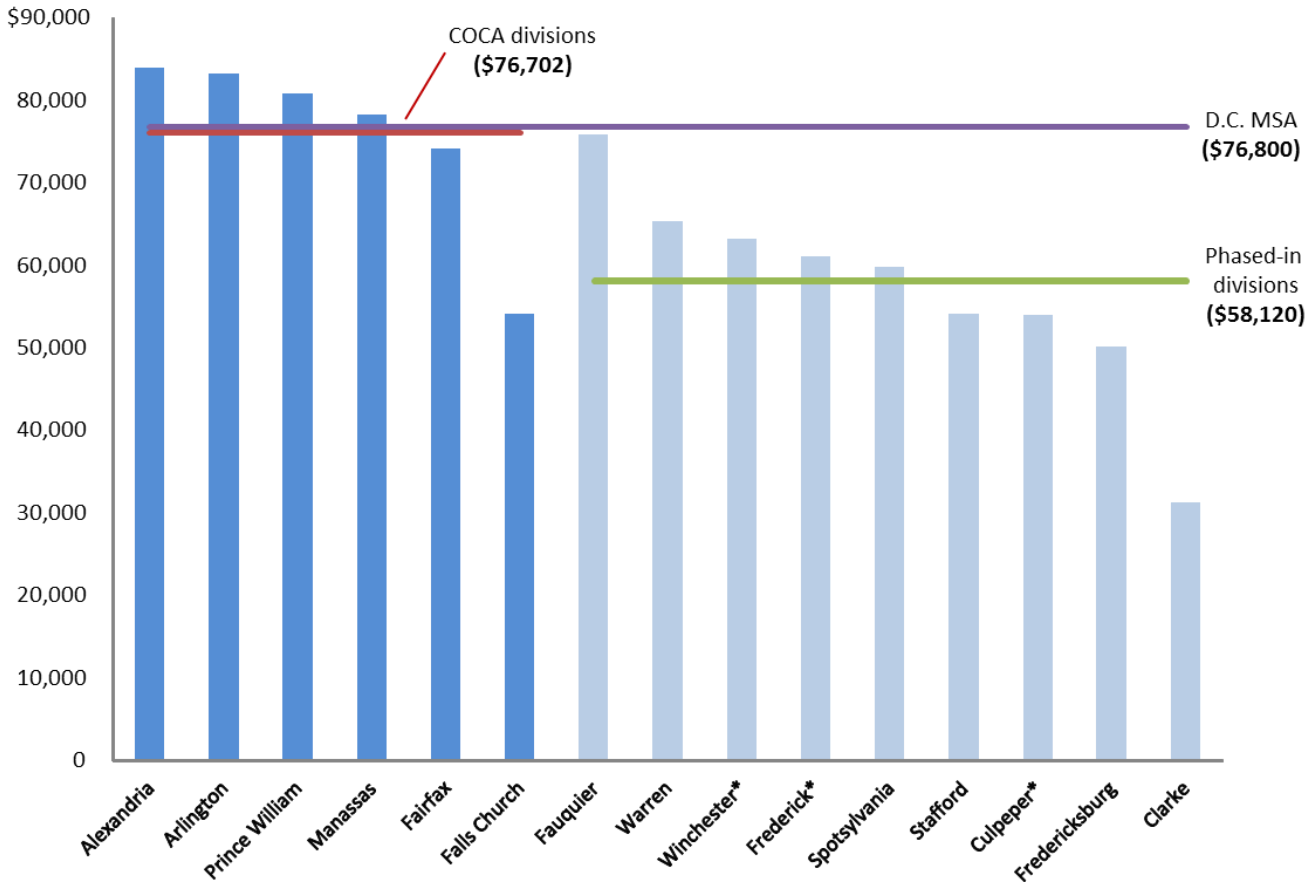


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.
Note: Several of the divisions receiving the COCA did not have ASR data for security guards.

Attendance and Health, School Psychologist

For each division, JLARC staff calculated an average salary for school psychologists and compared that to the average salary for the following BLS position: Clinical, Counseling, and School Psychologists. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Attendance and Health, Psychologist (VDOE)	Compensation for those who evaluate and analyze students' behavior by measuring and interpreting their intellectual, emotional, and social development, and diagnosing their educational and personal problems.	281 FTEs (in COCA divisions)
Clinical, Counseling, and School Psychologists (BLS)	Diagnose and treat mental disorders; learning disabilities; and cognitive, behavioral, and emotional problems, using individual, child, family, and group therapies. May design and implement behavior modification programs.	1,580 employees in BLS sample

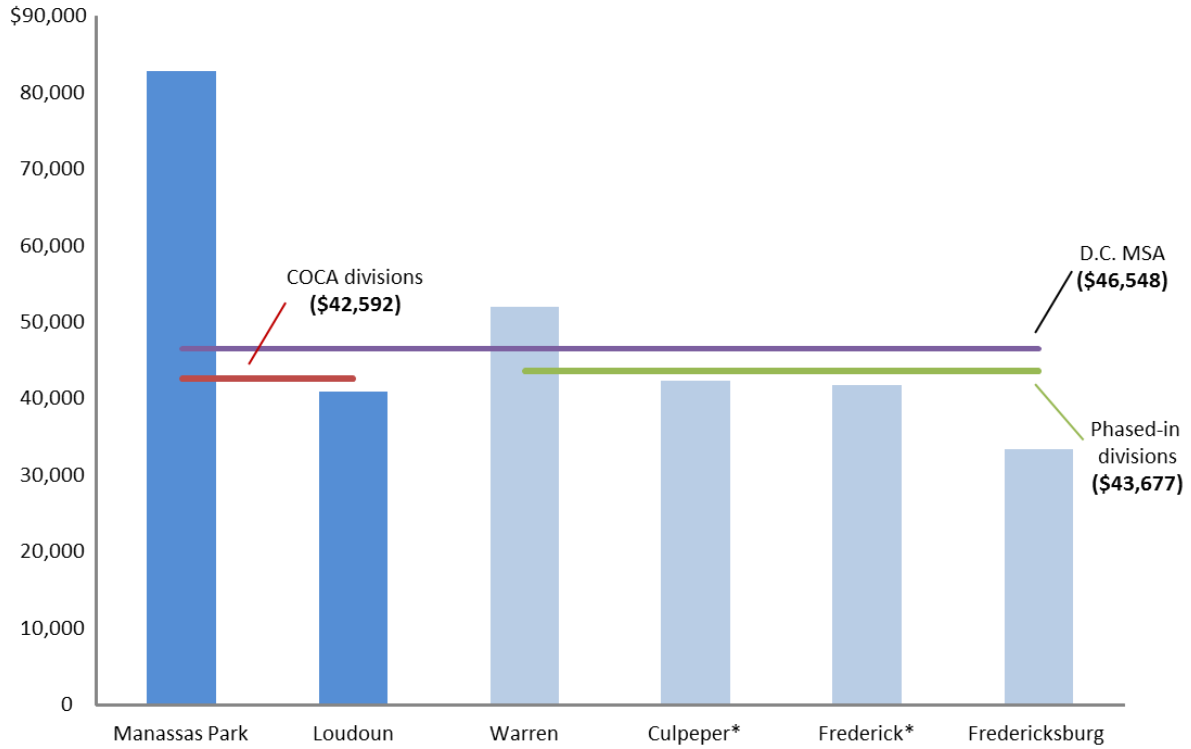


*School divisions in Culpeper, Frederick, and Winchester receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Transportation Trades

For each division, JLARC staff calculated an average salary for security guards and compared that to a combined average weighted salary for the following BLS positions: (1) Bus and Truck Mechanics and Diesel Engine Specialists and (2) Automotive Service Technicians and Mechanics. Definitions for each position, and the results of the comparative analysis, are provided below.

Position	Position Description	Employment Level
Transportation, Trades (VDOE)	The "Transportation" functional area includes activities concerned with transporting students to and from school, as provided by state and federal law. This includes trips between home and school, and trips to and from school activities. The "Trades" object codes provides compensation for those who perform tasks requiring a high manual skill level. This assignment requires considerable judgment and a thorough and comprehensive knowledge of the processes involved in the work.	31 FTEs (in COCA divisions)
Mechanics (BLS)	Bus and Truck Mechanics and Diesel Engine Specialists diagnose, adjust, repair, or overhaul buses and trucks, or maintain and repair any type of diesel engines. Includes mechanics working primarily with automobile or marine diesel engines. Automotive Service Technicians and Mechanics diagnose, adjust, repair, or overhaul automotive vehicles. Excludes "Automotive Body and Related Repairers" (49-3021), "Bus and Truck Mechanics and Diesel Engine Specialists" (49-3031), and "Electronic Equipment Installers and Repairers, Motor Vehicles" (49-2096).	11,010 employees in BLS sample



*School divisions in Culpeper and Frederick receive the phased-in COCA, but the localities are not included in the Washington, D.C. MSA.

Appendix H

State Salaries in Northern Virginia and Rest of State

Certain State agencies have employees in job roles that perform similar work to school division employees. This appendix shows the difference between what State agencies pay, on average, these employees in Northern Virginia and other parts of the State. To provide a better representation of more current market conditions, the salaries shown and analyzed are for State employees hired within the last three years.

STATE EMPLOYEES WHO PERFORM SIMILAR WORK AS INSTRUCTIONAL STAFF IN NORTHERN VIRGINIA GENERALLY MAKE MORE THAN THE SAME EMPLOYEES IN THE REST OF THE STATE

State employees in the Trainer and Instructor II job role, which is similar to a school division teacher position, make 27 percent more in localities receiving a COCA compared to the rest of the State (Table H-1). However, State employees in the same job role actually make two percent less in localities receiving the phased-in COCA compared to the rest of the State. This is primarily due to the specific location of State agency offices that have employees in this job role.

Table H-1: Difference in State Employee Salaries for Certain Instructional Positions

State Employee Job Role	Similar School Division Position Category	Average State Employee Salary[a]			% Difference	
		Rest of State	Localities Receiving COCA	Localities Receiving Phased-in COCA	COCA Localities – Rest of State	Phased-in COCA Localities – Rest of State
Trainer and Instructor II	Teacher	$46,210	$58,755	$45,325	27%	-2%
Trainer and Instructor I	Teacher Aide	34,708	37,084	31,929	7	-8
Counselor II	Guidance Counselor	39,921	56,496	38,779	42	-3
Library Specialist I	Media Librarian	35,246	33,769	30,340	-4	-14
Education Administrator III	Principal / Assistant Principal	84,324	83,769	87,718	-1	4
Admin Mngr I		62,368	83,363	67,115	34	8
Admin Mngr II		105,744	116,103	86,017	10	-19

[a]Average State employee salaries shown are for recent hires only.

Source: JLARC staff analysis of DHRM data, 2012.

Other State job roles that are similar to instructional school division staff also tend to pay higher in localities that receive the COCA. However, there are exceptions including Library Specialist I and Education Administrator III, which are paid slightly less than the rest of the State. The difference between localities that receive the phased-in COCA and the rest of the State varies more widely, with several positions, such as Administrative Manager I, being paid more and several other positions, such as Library Specialist I, being paid less.

STATE EMPLOYEES WHO PERFORM SIMILAR WORK AS SUPPORT STAFF IN NORTHERN VIRGINIA GENERALLY MAKE MORE THAN THE SAME EMPLOYEES IN THE REST OF THE STATE

State employees in many of the State job roles that are similar to a school division support position make more in localities receiving a COCA compared to the rest of the State (Table H-2). The exception among the positions compared are Psychologist I / Psychologist Associate I, which actually is paid 19 percent less in the localities that receive a COCA compared to the rest of the State. As with instructional staff, this is primarily because of the specific State agency locations that have employees in this job role.

Table H-2: Difference in State Employee Salaries for Certain Support Positions

State Employee Job Role	Similar School Division Position Category	Average State Employee Salary[a]			% Difference	
		Rest of State	Localities Receiving COCA	Localities Receiving Phased-in COCA	COCA Localities – Rest of State	Phased-in COCA Localities – Rest of State
Admin and Office II	Clerical	$26,117	$32,682	$29,435	25%	13%
Admin and Office III		33,164	38,569	33,714	16	2
Psych I / Psych Assoc I	School Psychologist	42,979	34,966	47,000	-19	9
Transportation Operator II	Transportation, Operative	30,592	49,232	34,943	61	14
Housekeeping I	Ops & Maintenance, Service	20,136	27,298	21,660	36	8
Housekeeping II		25,629	32,163	24,815	25	-3
Trades Tech I	Ops & Maintenance, Trades	22,552	29,876	24,440	32	8
Trades Tech II		25,735	34,891	29,120	36	13
Trades Tech III		36,455	44,184	29,879	21	-18
Computer Tech I	Technology, Tech Support	31,010	34,665	36,000	12	16
Info Tech Spec I		40,528	46,600	38,485	15	-5

[a] Average State employee salaries shown are for recent hires only.

Source: JLARC staff analysis of DHRM data, 2012.

State employees in localities that receive the phased-in COCA also generally make more than employees in the same job role in the rest of the State, however to a lesser degree. There are also several more instances in which employees in these locations make less than the rest of the state average, including Trades Technicians III and Information Technology Specialist I.

Appendix

Agency Response

As part of an extensive validation process, State agencies and other entities involved in a JLARC assessment are given the opportunity to comment on an exposure draft of the report. JLARC staff provided an exposure draft of this report to the Secretary of Education and Department of Education. Appropriate technical corrections resulting from their comments have been made in this version of the report. This appendix includes a letter received from the Secretary of Education.

COMMONWEALTH of VIRGINIA

Office of the Governor

Laura W. Fornash
Secretary of Education

December 3, 2012

Mr. Glen S. Tittermary
Director, Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building
Capitol Square
Richmond, VA 23219

Dear Glen,

We appreciate JLARC's willingness to work with our staff along with the staff at the Department of Education to expand the contents of the original survey. This issue is of extreme importance as we make informed decisions around compensation of our instructional and support staff in public schools. The Governor has a strong desire to inform his thinking around the need for COCA funding as it relates to the Northern Virginia School Systems ability to compete for qualified instructional and support staff.

In our analysis, the evidence provided in the report seems to make a stronger case for a cost of living adjustment (COLA) rather than a cost of competing adjustment (COCA) for Northern Virginia school divisions. The data included in the report demonstrates a higher cost of living in the Washington, D.C. area than other parts of Virginia; however, that finding alone should not be sufficient justification to provide a COCA for that region. Our continued interest is whether Northern Virginia school divisions are having greater difficulty competing with other employers for qualified staff when compared to other areas of the state, not simply whether their pay is higher.

The study states that existing COCA divisions report having some trouble recruiting and retaining three specific support positions: school nurses; transportation operatives; and operations and maintenance personnel. Several divisions cite an inability to compete with other employers for operations and maintenance staff in the trades category. However, the report does not offer evidence that this problem is unique to these COCA divisions. It could be that divisions in the Richmond and Tidewater areas also experience the same level of difficulty competing for trade positions but the report does not provide any regional comparisons to make this determination.

Considering the strong response rate to the statewide survey, comparative data would be helpful throughout the report. To make a legitimate case for a COCA in Northern Virginia, we need to know if the difficulty competing with other employers is unique to that region or whether it is also a problem experienced to the same degree by other areas of the state. Therefore, I think it would be very helpful to include more data from other regions of the state in the analysis of this issue.

Thank you for your continued offer to provide input into this important public school funding issue.

Regards,

Laura W. Fornash

Laura W. Fornash

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Joint Legislative Audit and Review Commission

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