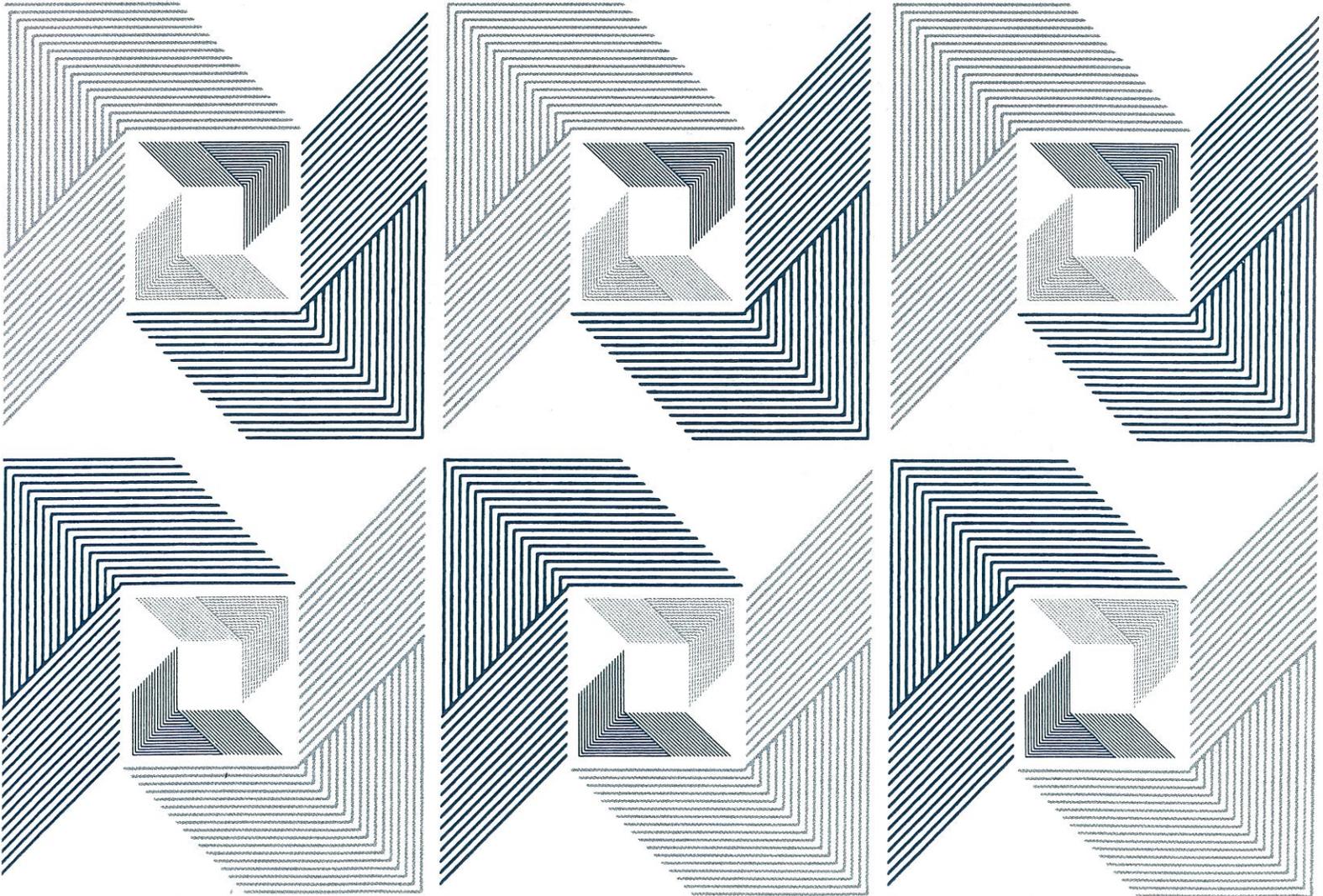


Report No. 90-4
January 1990

STUDY OF A NEW SALARY CLASS FOR TEACHERS

A REPORT TO THE GOVERNOR AND THE LEGISLATURE OF THE STATE OF HAWAII



THE OFFICE OF THE LEGISLATIVE AUDITOR

The missions of the Office of the Legislative Auditor are assigned by the Hawaii State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. *Financial audits* attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
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OVERVIEW

STUDY OF A NEW SALARY CLASS FOR TEACHERS

Honolulu, Hawaii

January 1990

Summary

Hawaii's teachers are the only public employees whose job classifications are set by statute. Section 297.31, Hawaii Revised Statutes, establishes seven teacher classes and their requirements, and Section 297.32 assigns these classes to pay ranges.

Teacher classification in Hawaii follows the model of a "single salary schedule" like that used in over 90 percent of American school districts. The schedule treats all teachers alike, regardless of grade or subject taught. Teachers are promoted from one class to the next based on their education, experience, and the courses they accumulate. To a large extent, therefore, teachers control the rate at which they advance in their careers. The State supports these efforts by providing opportunities for teacher training.

The 1989 Legislature asked the auditor to study the impact of revising the current qualifications for Class VII from a doctorate to five years of college education and 60 earned credits, and also establishing a new Class VIII for teachers who have earned a doctorate. The revised class would give teachers without a doctorate another opportunity to advance.

In examining the proposal, the study found no research evidence that adding another class will raise the quality of education in Hawaii. The proposal represents a large expenditure of funds for uncertain benefits. The Legislature might consider exploring the use of incentive and other compensation programs that are now being pursued for teachers in 25 other states.

FINDINGS

A revised Class VII will likely have a substantial financial and administrative impact upon the State, amounting to more than \$20,000,000 by 1992-93. Actual costs will depend on whether credits already earned by teachers would apply toward reclassification. Many teachers who already have the credits to qualify for the new class will receive an automatic promotion and pay raise. The revised class would not be an incentive for these teachers. The proposal will also have a substantial administrative impact upon the department. The department will need lead time and extra clerical positions to implement the change.

A revised Class VII would have little impact on significant personnel issues such as the retention and recruitment of teachers, particularly those in shortage categories.

There is no research evidence that the proposed Class VII would promote more effective education. Many states are experimenting with incentive compensation systems based on such standards as job function, individual competence, and productivity.

RECOMMENDATIONS

1. *In view of the potentially large cost and the lack of evidence that it will improve the quality of public education, the Legislature should not change the classification system for teachers contained in Section 297-31.1 and 297-32, HRS, by revising the current Class VII or enacting a new Class VIII.*

2. *The Legislature should consider exploring alternative ways to compensate teachers for their experience and continued growth. This exploration should include the incentive and reward programs of states and school districts with noteworthy educational programs.*

RESPONSE

The Board of Education had no comments to offer on the recommendations in the report.

The Department of Education responded that it found the study to be satisfactory.

The Hawaii State Teachers Association disagreed with the findings and recommendations in this report. It stated that professional development does improve the quality of education based on the experience of teachers. The association believes that the new class would have a positive impact on recruitment, retention, and shortages. The association also stated that there is no research evidence to support the use of incentive compensation systems.

**STUDY OF
A NEW SALARY CLASS FOR TEACHERS**



A Report to the Governor and the Legislature of the State of Hawaii

Submitted by

**Legislative Auditor of the State of Hawaii
Honolulu, Hawaii**

**Report No. 90-4
January 1990**

FOREWORD

The General Appropriations Act of 1989 requested the legislative auditor to study the impact of adding an additional class to the State's statutory classification system for teachers.

In response to the request, we examined the financial impact to the State of establishing a new teacher classification. We studied the administrative implications of the new class for the Department of Education and reviewed how the department develops and applies criteria for approved credits for teacher reclassification.

We wish to acknowledge the cooperation and assistance extended us by personnel of the Board of Education and the following state agencies: Department of Education, Department of Personnel Services, Employees' Retirement System, Hawaii Labor Relations Board, Office of Collective Bargaining, and the University of Hawaii College of Education. We would also like to acknowledge the cooperation and assistance of the Hawaii State Government Employees' Association, Hawaii State Teachers Association, National Education Association, and the American Federation of Teachers.

Newton Sue
Acting Legislative Auditor
State of Hawaii

January 1990

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Chapter 1

INTRODUCTION

Unlike other state employees, teachers have their personnel classification set by statute. The 1989 Hawaii State Legislature adopted two measures asking the legislative auditor to study the impact of adding a new class to the seven existing classes for teachers. This introductory chapter summarizes the legislation requiring the study and describes the objectives, scope, and organization of this report.

Legislation Requesting the Study

Section 127 of the General Appropriations Act of 1989 requires the auditor to:

1. Study the impact of changing the current Class VII in Section 297-31.1, *Hawaii Revised Statutes*, to Class VIII and establishing a new Class VII for teachers who hold a certificate issued by the Department of Education (DOE) based upon five acceptable years of college education and 60 earned credits;
2. Examine the new Class VII as an earned incentive to enhance the professional development of teachers and not as an incremental step or pay raise; and
3. Review how the DOE develops and applies criteria for approved credits.

A second measure, Senate Concurrent Resolution 232, Senate Draft 1, similarly directs the auditor to conduct a "comprehensive study" on the impact of changing the current Class VII and establishing a new Class VIII.

Other legislation. The above measures reflect a recurring concern of the Legislature. Several bills have addressed this issue in recent years.

In 1987, the Legislature passed Senate Bill 1176, Senate Draft 1, to allow teacher salary schedules to be negotiable items in collective bargaining. The governor vetoed the measure, saying that the collective bargaining exception given teachers but not other public employees was unjustified.

The governor also vetoed Senate Bill 83, Senate Draft 1, in 1988. The bill revised the requirements for Class VII and established a new Class VIII as does the proposal in this study. The governor's veto message stated that a study should be done to assess the financial impact of the new class on the State and to enable the DOE to plan for the "orderly implementation" of the class.

In 1989, a bill identical to the 1988 measure was introduced with an appropriation of \$3 million to carry it out. The Legislature instead passed Senate Concurrent Resolution 232 and the budget proviso asking for this study.

Objectives

The objectives of this study were to:

1. Determine the financial impact to the State of establishing a revised Class VII for teachers.

2. Evaluate the implications of the proposed legislation for the DOE and teachers.

3. Review how the DOE develops and applies criteria for approved credits for teacher reclassification.

4. Recommend whether a revised Class VII should be established.

Scope

The study focused on the impact upon the State, the DOE, and teachers if the proposed legislation were implemented. It examined the financial, administrative, and personnel

implications of revising the existing Class VII. As part of the inquiry, it analyzed the rationale for the existing and proposed classes. The study reviewed the department's development and application of standards for accepting courses or credits for reclassification purposes. It did not, however, evaluate the DOE's continuing education program.

Organization of the Report

This report consists of three chapters. Chapter 1 is this introduction. Chapter 2 provides background information. Chapter 3 evaluates the impact of revising the current Class VII and establishing a new Class VIII for teachers.

Chapter 2

BACKGROUND

This chapter provides background on teacher classification and compensation in the United States and Hawaii. It describes the requirements for each class and the way teachers advance in their careers.

Teacher Classification in the United States

The single salary schedule. Teacher classification in Hawaii follows the model of a “single salary schedule” like that used in over 90 percent of American school districts. It is known as a *single* salary schedule in the education field because it applies to all teachers alike, regardless of what grade or subject they teach. With the single salary schedule, teachers are classified and compensated according to their level of experience and training.

The single salary schedule was developed in the Denver, Colorado school system in 1920 and has been the dominant classification and compensation model for American teachers since World War II. Teacher salaries had previously been determined subjectively on an individual basis. Additional pay was given for training and experience, but high school teachers and males often earned more than elementary teachers and females.¹

Advocates of the single salary schedule saw professional training and experience as the only two valid and objective standards for classifying teachers and setting salaries. They saw it as a way to promote teacher collegiality by giving equal pay to all teachers of similar experience and training. The schedule’s founders also believed that the predictable pay increases associated with experience would help to attract teachers.²

Variations in the schedule. Today, single salary schedules in the United States can differ widely because they are structured independently in thousands of school districts, often through the collective bargaining process.³ Some districts classify teachers by level of academic preparation, such as a degree, promoting teachers to a higher class with more compensation when a higher degree is earned. Other districts also classify teachers by degree, but provide additional opportunities for promotion through the earning of credits.

Single salary schedules do not have a standard number of classes nor are there uniform criteria for movement from one class to another. A few examples of the class criteria found in different school districts are baccalaureate, masters, and doctoral degrees; baccalaureate degrees plus additional credits of 12, 24, and 36; masters degrees and additional credits of 12 and 24.⁴ The differences also extend to the number of “steps,” within a class. A teacher’s credentials, or years of teaching experience, usually determine his or her placement within a class.

Teacher Classification in Hawaii

Statutory basis for classification. The classification of Hawaii’s teachers has been set by statute (Sections 297-31.1 and 297-32, *Hawaii Revised Statutes*). It assumed its present form in 1969.

Hawaii has historically been one school district with one teacher classification system. In 1911, the Legislature created a salary schedule for teachers, supervisors, and principals which was required to be based upon a “classification of schools, classification of teachers’ certificates, and length of service.” Teachers were classified

based on years of teaching experience and level of school taught ("elementary," "lower normal and high," or "high and normal proper" schools). Teachers in the upper grades earned higher salaries.

The Legislature changed to a single salary schedule in 1941. It had three classes based on educational degree: Class I, any teacher with a certificate based on less than four years of college education; Class II, any teacher with a certificate based on four acceptable years of college education; and Class III, any teacher with a certificate based on five acceptable years of college education, including one year of graduate study.

As a result of legislation, teacher classes grew from three to seven between 1941 and 1969, with four classes added between 1965 and 1969. Act 174, *Session Laws of Hawaii* 1965, amended Classes I, II, and III and added Classes IV and V, all in their current forms. The act made a significant change by adding continuing education credits as a basis for classification. A Class III teacher could be reclassified to Class IV on the basis of an additional 15 credits, or move to Class V with an additional 30 credits. The use of credits was seen as an incentive for teachers to continue their professional development, which was believed would result in quality education.

This act was followed by legislation in 1967 and 1969 that added Classes VI and VII. Class VI was also based on an additional 45 continuing education credits, while Class VII was based upon a doctorate. The Legislature viewed the additional classes as a way to recognize teachers who continued to advance themselves professionally.

Teacher salary schedules. The statutes also determined salaries for teachers. The Legislature regularly enacted new salary schedules that gave teachers incremental raises. It usually added new salary ranges whenever the number of classes

was increased. Thus the Legislature enacted a statutory monthly salary schedule with incremental raises for years of experience when it first created a single salary schedule in 1941. New salary schedules were adopted in 1962, 1965, and 1969. Since 1970, salaries have been determined through collective bargaining.

Current teacher classes. Teachers in Hawaii's single school district are classified and paid uniformly, unlike mainland states where classes and salaries can differ from district to district. Hawaii appears to be the only state where teachers are classified by statute.

Teachers are also the only state government employees whose classification is set by statute. The seven classes for teachers are based on educational qualifications, credits earned in addition to a degree, and time requirements. The seven classes and their criteria are shown in Table 2.1.

As can be seen in Table 2.1, the qualifications for Classes IV, V, and VI require teachers to spend a year in Classes III, IV, and V respectively. The professional teacher certificate needed for promotion to Classes V and VI is issued when a teacher completes two years of successful teaching with the DOE. An applicant for a professional certificate must also successfully complete either a five-year or graduate-level teacher education program approved by the State, or possess a valid teacher's certificate from a state with certification requirements comparable to those of the DOE.

Teachers who have met these academic and experience requirements are eligible for promotion to the next class whenever they complete 15 more continuing education credits, until they reach Class VI. For example, a Class V teacher with a professional teacher certificate is eligible for Class VI, which requires 45 credits, after earning 15 additional semester hours ($30 + 15 = 45$) and spending one year in Class V.

Table 2.1. Minimum Qualifications for Teacher Classes

Class	Qualifications
I	DOE certificate.
II	DOE certificate based on four years of college education.
III	DOE certificate based on five years of college education; <i>or</i> <i>a B.A. plus 30 semester hours; <i>or</i></i> <i>an M.A.; <i>or</i></i> <i>a five-year teacher diploma; <i>or</i></i> <i>a professional teacher certificate.</i>
IV	DOE certificate based on five years of college education and 15 additional credits; <i>or</i> <i>a B.A. plus 45 semester hours; <i>or</i></i> <i>an M.A. plus 15 semester hours; <i>or</i></i> <i>a five-year teacher diploma plus 15 semester hours; <i>or</i></i> <i>a professional teacher certificate plus 15 semester hours; <i>and</i></i> one year in Class III is also required.
V	DOE certificate based on five years of college education and 30 additional credits; <i>or</i> <i>a B.A. plus 60 semester hours; <i>or</i></i> <i>an M.A. plus 30 semester hours; <i>or</i></i> <i>a five-year teacher diploma plus 30 semester hours; <i>or</i></i> <i>a professional teacher certificate plus 30 semester hours; <i>and</i></i> one year in Class IV and a professional teacher certificate are also required.
VI	DOE certificate based on five years of college education and 45 additional credits; <i>or</i> <i>a B.A. plus 75 semester hours; <i>or</i></i> <i>an M.A. plus 45 semester hours; <i>or</i></i> <i>a five-year teacher diploma plus 45 semester hours; <i>or</i></i> <i>a professional teacher certificate plus 45 semester hours; <i>and</i></i> one year in Class V and a professional teacher certificate are also required.
VII	DOE certificate based upon a doctorate. Teachers must teach subjects in or related to their majors.

Source: Hawaii, Department of Education, *School Code: Certificated Personnel Policies and Regulations (5000 Series)*, Honolulu, January 31, 1989, pp. 5200-39-5200-40.

Data from the Hawaii State Teachers Association (HSTA) show a total of 10,323 public school teachers in the state as of January 13, 1989. The distribution of teachers in each of the classes is shown in Table 2.2. The majority of teachers, or 50 percent, are in Class VI.

Table 2.2. Distribution of Teachers in Classes

Class	No. of Teachers	% of Total
I	7	.06
II	1,381	13.4
III	1,391	13.5
IV	1,355	13.1
V	997	9.6
VI	5,163	50.0
VII	<u>29</u>	.3
TOTAL:	10,323	

Source: Hawaii State Teachers Association, 1988-1989 *Personnel Matrix*, January 13, 1989.

Current salary schedules. The two salary schedules for teachers for fiscal year 1990-91 are shown in Table 2.3. Each schedule displays the 7 classes and the 14 steps in each class. The salary for Class VI teachers will range from \$26,972 (Step 1) to \$44,106 (Step 14) effective August 30, 1990 and from \$27,376 (Step 1) to \$44,768 (Step 14) effective February 1, 1991.

Teachers begin employment in Classes I, II, III, or VII. A combination of professional training and years of teaching experience usually determines their initial step placement on the salary schedule. Teachers receive pay increases in several ways: (1) through negotiated increases;

(2) by advancing between steps within a class under provisions of collective bargaining agreements; or (3) by being promoted or "reclassified" from one class to the next. The last way requires professional training or preparation, specifically, a higher academic degree, additional academic credits, inservice training credit, or a special professional preparation effort.

Opportunities for promotion. One objective of the single salary schedule is to help teachers keep up to date on their subjects and stay current with changes in educational philosophy, psychology, and methodology by rewarding them for professional training. The single salary schedule recognizes continuing education, or inservice training, as the basis for promotion from one class to another.

Unlike other state employees, teachers control the pace and extent of advancement in their careers. After teachers have earned the necessary degrees and credits and satisfied other requirements of the next class, promotion is automatic upon DOE approval. Existing minimum qualifications allow for fairly rapid professional advancement. The department has estimated that it takes a teacher an average of six to eight years to reach Class VI. Teachers could reach Class VI after four years of service, depending upon the number of credits they have at entry and can earn in a year.

Teachers can satisfy credit requirements by taking university courses or by earning DOE "B" credits through workshops, educational travel, or professional self-directed activities. Since September 1989, teachers have been able to use any combination of university and B credits for reclassification.⁵ Before then, more than half of the credits used for classification purposes had to be university credits. The new policy was intended to encourage more teachers to participate in inservice training activities and to help neighbor island teachers, whose access to academic programs and courses is limited.

Table 2.3. Teachers' Salary Schedules for FY 1990-91:

		A. (Effective 8-30-90 to 1-31-91)													
Class Step:		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
I	22,515	23,058	24,207	24,827	25,476	26,201	26,972	27,788	28,638	29,554	30,541	31,581	32,789	34,075	36,119
II	23,614	24,207	24,827	25,476	26,201	26,972	27,788	28,638	29,554	30,541	31,581	32,797	34,093	35,450	36,865
III	24,827	25,476	26,201	26,972	27,788	28,638	29,554	30,541	31,581	32,797	34,093	35,458	36,884	38,374	40,677
IV	25,476	26,201	26,972	27,788	28,638	29,554	30,541	31,581	32,797	34,093	35,458	36,890	38,389	39,952	42,349
V	26,201	26,972	27,788	28,638	29,554	30,541	31,581	32,797	34,093	35,458	36,890	38,394	39,968	41,610	44,106
VI	26,972	27,788	28,638	29,554	30,541	31,581	32,797	34,093	35,458	36,906	38,394	39,973	41,624	43,351	45,952
VII	27,788	28,638	29,554	30,541	31,581	32,797	34,093	35,458	36,906	38,394	39,973	41,624	43,351	45,952	

		B. (Effective 2-1-91 to 8-28-91)													
Class Step:		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
I	22,853	23,404	23,969	24,570	25,199	25,858	26,594	27,376	28,205	29,067	29,997	30,996	32,037	33,959	
II	23,969	24,570	25,199	25,858	26,594	27,376	28,205	29,067	29,997	30,999	32,054	33,281	34,586	36,661	
III	25,199	25,858	26,594	27,376	28,205	29,067	29,997	30,999	32,054	33,289	34,605	35,981	37,418	39,664	
IV	25,858	26,594	27,376	28,205	29,067	29,997	30,999	32,054	33,289	34,605	35,990	37,437	38,950	41,287	
V	26,594	27,376	28,205	29,067	29,997	30,999	32,054	33,289	34,605	35,990	37,443	38,965	40,551	42,985	
VI	27,376	28,205	29,067	29,997	30,999	32,054	33,289	34,605	35,990	37,443	38,970	40,567	42,234	44,768	
VII	28,205	29,067	29,997	30,999	32,054	33,289	34,605	35,990	37,460	38,970	40,572	42,249	44,001	46,641	

Source: *Agreement Between the Hawaii State Teachers Association and the State of Hawaii Board of Education, July 1, 1989 - June 30, 1993, pp. 64-65.*

University credits. Teachers can earn university credits by taking courses at the 100 level or higher or by taking special courses at the 500 level from the University of Hawaii at Hilo or Manoa. The 500-level courses, which do not count toward a degree, are often subsidized by the DOE and available at low cost to teachers. Of the 67 DOE-funded courses offered in the summer of 1989 at Manoa, 52 were given for no charge, 14 required a fee of \$25 or less, and 1 required tuition of \$35.

DOE B credits. The DOE grants B credits for training activities directly related to professional duties and responsibilities. DOE policy requires B-credit activities to be held during non-working hours and states that attendance should be voluntary.

Teachers can earn B credits for workshops, educational travel, and professional self-directed activities. Workshops are short, skill-oriented, and cover almost any subject relevant to teachers' needs. They are offered free or for a limited cost. Teachers earn half a B credit for every 16 workshop hours. Educational travel credits are granted for out-of-state travel for educational purposes. Teachers pay their own travel costs, and principals verify the trip's professional relevance and identify the outcome. Credits for professional self-directed activities are given for special training unique to a teacher's subject or students.

Professional development leaves and sabbaticals. Teachers can also earn credits through professional improvement leaves-without-pay and sabbaticals. Both types of leave may be taken for one school year or semester. Teachers can earn 8 credits each semester or 15 credits each school year at an accredited college or university; conduct research or other professional improvement activities approved by the DOE; or travel outside the state for professional improvement as approved by the department. Teachers are eligible for sabbaticals after every seven years of service with the department. The current collective bargaining

agreement requires the Board of Education to grant sabbaticals to no less than 50 bargaining unit members.⁶

DOE support for continuing education. The State has made a substantial commitment to helping teachers advance professionally. The DOE develops, administers, or funds the 500-level courses, leaves for professional development, professional self-directed activities, educational travel, and workshops. Schools and school districts may also use state funds to develop their own training activities. For example, the General Appropriations Act of 1989 gave \$2,052,924 to the department for inservice training for teachers. Of this sum, \$738,800 is being allocated to school districts for district-wide and school training. The remaining funds will be used by the DOE to coordinate and support training efforts in areas where a shortage or need has been identified.

Funds allocated to school districts may be used for such credit activities as workshops and college courses. Funds may also be spent on training materials and non-credit activities such as conferences, consultations, visitations, school-based management, and "state-of-the-art school planning and development sessions." Each school is required to plan its own inservice training program.

The Reclassification Process

Criteria for approval of credits. The department's standard for approving courses for credit toward reclassification is "relevancy." Relevancy is defined as "having direct relationship to the teacher's assignment and/or professional development."

Relevancy has been the DOE's criterion for approving courses for reclassification since 1981. In that year, the department implemented guidelines in response to a legislative resolution requesting it to develop appropriate controls for teacher reclassification. There was concern

that courses used for advancement did not necessarily promote teaching effectiveness. The DOE's guidelines also note that a major objective of relevancy is to "facilitate the development of more effective classroom instruction from carefully selected inservice course work."

Processing credits. The school principal approves credits for reclassification and therefore plays the key role in determining what is relevant. Principals also usually approve teachers' participation in professional development activities for credit. Exceptions to this are regular and 500-level university courses. University classes have their own registration forms and procedures and operate on a "first come, first served" basis. Principals recommend approval for participation in sabbaticals and professional improvement leaves-without-pay (the superintendent is the final approving authority) as well as professional self-directed activities and workshops (the district superintendent is the final approving authority in each case). Principals approve applications for educational travel to earn B credits.

Teachers who have earned the 15 additional credits necessary for movement to the next class must consult with their principals and provide such documentation as official transcripts, grade slips, or B-credit slips. The principal approves the courses, checks verifying documents, and then forwards the application to the DOE's Office of Personnel Services. The personnel office reviews the reclassification request for completeness and for compliance with departmental requirements. Reclassification is automatic once the office has determined all class requirements have been met.

Post-audit. The criterion for approved credits is thus developed and applied locally and

administered centrally. The DOE's post-audit process checks activities after their completion but leaves determinations of relevancy in local hands. If after examining documentation of an activity the department feels the courses are inappropriate for B credit, it will consult with the district superintendent who was the approving authority. But this is a rare event.

Principals play the main role in approving credits for reclassification and in deciding the participation of teachers in professional development activities. How principals apply the criteria of relevancy will differ among schools since each school has a different principal who makes determinations of relevancy "unique to the needs of the school (students), the curriculum and individual teachers." Some principals may evaluate requests for courses and reclassification more carefully and stringently than others. The criteria at a school could change when a principal leaves or retires. But this process ensures responsiveness to the different needs of each school.

Purpose of the Proposal to Enact a Revised Class VII

The proposal to amend the statutory classification system for teachers by adding another class based upon 60 continuing education credits has two main objectives. It is intended to provide the 50 percent of the teaching force now in Class VI with an opportunity for movement on the salary schedule. These teachers cannot get promoted without earning a Ph.D. The revised Class VII is also seen as a way to provide incentives for continuing professional development, thus helping to maintain a competent and professionally trained teaching staff. The impact of this proposal will be assessed in the next chapter.



Chapter 3

EVALUATION OF A REVISED CLASS VII AND NEW CLASS VIII

This chapter evaluates the impact of enacting a revised Class VII based upon five acceptable years of college education and 60 earned credits and creating a new Class VIII for teachers with a Ph.D. This chapter also examines the proposed Class VII as an incentive for the professional development of teachers. The review of how the Department of Education (DOE) develops and applies criteria for approving credits for reclassification was performed as requested. Since the process described in Chapter 2 was found to be implemented appropriately, it is not discussed further here.

Summary of Findings

- 1. A revised Class VII is likely to have a substantial financial and administrative impact upon the State but little effect upon personnel issues such as the recruitment, retention, and shortage of teachers.*
- 2. The manner in which a revised Class VII is implemented will determine if it serves as a reward or an incentive for professional development. More specifically:*
Some teachers in Class VI already have earned 15 or more credits in addition to the 45 required for their class and therefore meet the qualifications of the new class. If these additional credits count toward reclassification, the revised Class VII would be an

automatic pay raise for these teachers and not an incentive.

Counting only those credits earned after the new class is established would be more likely to encourage professional development by providing a financial incentive for future course work. However, it could cause morale problems among teachers.

- 3. There is no evidence that the proposed Class VII would promote more effective education. Many states are moving away from the single salary schedule toward incentive compensation systems based on such standards as job function, competence, and productivity.*

Impact of a Revised Class VII and New Class VIII

This study assesses the impact of revising the existing Class VII to give teachers without a Ph.D. another opportunity to be promoted to the next class after earning 60 additional credits. A new Class VIII would be established for teachers in the current Class VII.

The expansion of the current classification system from seven classes to eight would have a significant financial and administrative impact on the State. The DOE now absorbs promotion costs internally and has indicated that it will need an extra appropriation if a revised Class VII is created. The extent of the impact would

depend on how credits for reclassification to the revised Class VII are defined and applied. Credits could be *retroactive*, already earned, or they could be *prospective*, earned after the enactment of the revised Class VII.

Financial impact. The largest potential impact is the funding needed for the new classifications. A revised Class VII could have a potentially large and possibly unforeseen financial impact upon the State. In the long run, most teachers are likely to end up in that class due to the new policy for B credits that makes it easier for them to earn credits for reclassification. In the short run, the magnitude of the financial impact will depend on how credits already earned toward reclassification are counted. In any event, a revised Class VII is a permanent salary cost that will significantly increase the personnel expenditures of the Department of Education.

Impact using retroactive credits. If a revised Class VII counts credits earned before its effective date, a certain number of teachers now in Class VI will automatically move to the new class. Many Class VI teachers have continued to take courses even though the credits earned do not now count for advancement.

The cost of a revised Class VII and the amount of the appropriation needed will vary according to different assumptions about the number of teachers who are eligible for immediate reclassification.¹ The exact number of Class VI teachers who already have enough credits for reclassification is not known because the DOE does not keep track of this information.

The estimates shown in Table 3.1 are based on past DOE evaluations of this question as well as a recent non-random survey of 265 Class VI teachers conducted by the Hawaii State Teachers Association (HSTA).

DOE survey. The DOE estimated the percentage of teachers eligible for reclassification by reviewing the files of 15 randomly selected Class VI teachers. It found that three teachers, or 20 percent of the sample, had 15 or more credits and would be able to advance to a revised Class VII. If 20 percent of 5,163 Class VI teachers were reclassified to Class VII, the DOE would incur additional salary costs of \$1,691,448 for fiscal year 1990-91. By the time the current collective bargaining agreement ends in 1993, a total of \$6.3 million in appropriations would be required to cover increased salary costs for this group of 1,032 teachers.

Table 3.1. Estimated Impact of Salaries for FY 1990-91

Percent Reclassified ¹	Number Reclassified	Salary Difference ²	Additional Salary Costs Needed
20	1,032	\$ 1,639	\$ 1,691,448
37	1,910	\$ 1,639	\$ 3,130,490
40	2,065	\$ 1,639	\$ 3,384,535

1. Based on HSTA roster of 5,163 Class VI teachers.

2. Salary difference was computed by subtracting the differences between Class VII and VI, step 11 and step 12 for the two teacher salary schedules that will be in effect during FY 1990-91. These steps were used because the majority of Class VI teachers are on steps 10, 11, and 12.

In past legislative testimony the DOE has estimated that 40 percent of Class VI teachers may be eligible for immediate reclassification to a revised Class VII. If 40 percent of Class VI teachers are reclassified, the DOE would incur additional salary costs of \$3,384,535 for fiscal year 1990-91 for these 2,065 teachers. By 1993, they will have received \$12.6 million in additional salaries.

HSTA survey. The HSTA's survey of Class VI teachers also estimates the number eligible for immediate reclassification to be around 40 percent. Of the 265 teachers surveyed, 37 percent indicated they had the 15 or more semester hours or DOE B credits needed to move to a new classification if one should be approved by the Legislature; 51.6 percent did not have enough credits; and the remaining teachers did not know or answer the question. If 37 percent of the 5,163 Class VI teachers were reclassified during the 1990-91 school year, the DOE would need \$3,130,490 to cover additional salary costs for fiscal year 1990-91. By the end of the current bargaining agreement, DOE would need \$11,687,290 in additional funds for increased salaries for these 1,910 teachers.

Impact of step movement. Class VI teachers and their salaries are subject to step movement and other salary increases as provided by the collective bargaining agreement for July 1, 1989 to June 30, 1993.² This means that Class VI

teachers and those in other classes will move to higher steps in February and August 1991 and receive pay increases through the five negotiated salary schedules in effect from August 1989 to August 1993. A Class VI teacher who moved onto step 11 as the result of the first of these pay increases in August 1989 will be paid almost \$7,000 more per year by August 28, 1992. If the same teacher is reclassified in a new Class VII, the teacher will be paid \$9,600 more than in the current school year.

Expanded impact of retroactive credits. Those Class VI teachers not immediately reclassified to a revised Class VII could move to that classification sometime in the next ten years, with most being promoted in one to three years. The Class VI teachers in the HSTA survey estimated the time they would need to acquire 15 additional credits: 52.4 percent required one to three years; 28.6 percent required four to six years; and 9.4 percent required six to 10 years. Teachers now in Class V and below might also attain a revised Class VII during this time.

The rate at which Class VI and other teachers could move to a revised Class VII is unknown. Table 3.2 presents the salary estimates should more than 40 percent be reclassified. If it is assumed that 10 percent more become eligible in 1991-92 and another 10 percent in 1992-93, the additional salary costs would be \$4,607,085

Table 3.2. Estimated Long-Range Salary Costs for an Expanded Class VII

Fiscal Year	Percent Reclassified	Total Number Reclassified*	Average Salary Difference	Estimated Annual Cost	Cumulative Cost
1990-91	40	2,065	\$1,639	\$3,384,535	\$ 3,384,535
1991-92	50	2,581	\$1,785	\$4,607,085	\$ 7,991,620
1992-93	60	3,097	\$2,695	\$8,346,415	\$16,338,035

* Based on HSTA roster of 5,163 Class VI teachers.

in fiscal year 1991-92 and \$8,346,415 in fiscal year 1992-93. These salary costs would be in addition to the \$3.4 million needed in fiscal year 1990-91 if 40 percent were immediately reclassified. As shown in Table 3.2, the estimated long-term salary costs of a revised Class VII could add up to more than \$16 million by fiscal year 1992-93 if 60 percent of the Class VI teachers move into a new class.

Impact upon Employees' Retirement System and Social Security. Any estimates of the financial impact of salary increases should also include the additional fringe benefit costs for the retirement and social security systems. A revision of the existing teacher classes would raise the contribution of the State to the Employees' Retirement System (ERS). This contribution comes from the general fund and is a percentage of the total payroll that varies from year to year. An actuary examines ERS's experience in any given year and determines what that percentage should be. ERS administrators indicated that the 15.96 percent figure for fiscal year 1988-89 is the latest percentage available and should be used in making calculations. Thus an added cost of \$3,384,535 in fiscal year 1990-91 if 40 percent of Class VI teachers are reclassified to a revised Class VII would result in the State making a contribution of \$540,172 ($\$3,384,535 \times 15.96$ percent) to the retirement system. After that first year, the State's contributions would also rise as the pay increases and step adjustments occur.

A revision to the teacher classification system would also increase the contributions made by the State to the Social Security System. The Federal Insurance Contributions Act (FICA) requires the State to match its employees' contributions to Social Security, currently set at 7.51 percent of taxable gross salary. Again assuming a 40 percent teacher reclassification rate, in fiscal year 1990-91 the State would contribute \$254,179 more to the Social Security System ($\$3,384,535 \times 7.51$ percent). And in subsequent years, the State would contribute well beyond what the bargaining agreement would already require for salaries alone.

Tables 3.3 and 3.4 show the impact of these fringe benefit costs both for the first year and for subsequent years. Table 3.4 shows that the three-year cumulative cost exceeds \$20 million.

Impact using prospective credits. A revised Class VII could also be based upon prospective credits, or those earned after the new classification is established. Prospective credits would have a more gradual financial and administrative impact on the State. The DOE estimates that prospective credits will result in a 100 percent increase in the number of teachers submitting requests for reclassification over the next two to five years. The department processed approximately 1,300 requests in 1988, and prospective credits would raise that number to 2,600. If 2,600 Class VI teachers became eligible for reclassification during the 1992-93 school year, the State would incur a salary cost of \$7,007,000 ($2,600 \times$ salary difference of \$2,695).

Impact using time guidelines. A revised Class VII could also be based upon time guidelines for credits. For example, credits would be accepted for course work completed no earlier than a certain date. This would help ensure that credits used for reclassification cover current trends in teaching and knowledge. The impact upon the State would depend on the particular time restrictions adopted.

The new Class VIII. Finally, teachers with Ph.D.s will need a new Class VIII with a new salary range if a revised Class VII is enacted. The actual salaries would be negotiated through the collective bargaining process. A new Class VIII would not be a large cost item, because the latest information shows only 29 teachers with doctorates in the state. Its exact financial impact cannot be determined at this time.

Administrative impact. A revised Class VII based on either retroactive or prospective credits will add to the Department of Education's administrative work load, with past credits having the greatest impact. The DOE estimates it would take a year to manually check the file of each Class VI teacher for acceptable retroactive

Percent Reclassified	Additional Salary Cost	Additional Retirement Contribution	Additional FICA Contribution	Total Additional Cost
20	\$ 1,691,448	\$ 269,955	\$ 127,028	\$ 2,088,434
37	3,130,490	499,626	235,100	3,865,216
40	3,384,535	540,172	254,179	4,178,886

	Percent Reclassified	Estimated Cumulative Salary Cost	Additional Retirement Contribution	Additional FICA Contribution	Total Cumulative Cost
1990-91	40	\$ 3,384,535	\$ 540,172	\$ 245,179	\$ 4,178,886
1991-92	50	7,991,620	1,275,463	600,171	9,867,254
1992-93	60	16,338,035	2,607,550	1,226,986	20,172,571

credits. The department may need extra clerical positions for this task. Class VI teachers who earned credits but did not report them because they do not now count toward advancement would probably send in their back credits to the DOE for review. This would increase the department's workload in unforeseen ways.

Prospective credits would have a more gradual administrative impact upon the DOE, resulting in an estimated 100 percent increase in reclassification requests in the next two to five years. But they still would add to the department's administrative work load.

Retroactive credits would have a more immediate impact. If the Legislature implements a revised Class VII based upon retroactive credits, it should consider delaying the effective date of the revised class for at least a year to give the department the time it needs to verify acceptable credits. The DOE and HSTA should develop procedures to reduce the verification burden.

The Legislature might also wish to postpone making an appropriation until all credits have been verified and the exact numbers of those eligible for, and thus the cost of, a revised Class VII are known.

Personnel impact. The potentially large financial and administrative impacts of a revised Class VII might be justified if that proposal helped to correct personnel problems. However, there is no indication that a revised Class VII would have any impact upon teacher personnel issues such as retention, recruitment, and shortages.

Retention. One argument for a revised Class VII is that it will keep experienced teachers in the classroom and away from better paid administrative positions. But an analysis of HSTA personnel data shows that Class VI teachers are not leaving the profession in large numbers. In 1988-89 there were 464 fewer teachers in Class VI as there were in 1981-82.

This represents an average loss of 66 teachers per year. Table 3.5 illustrates the number of teachers in Class VI since 1971-72. There is no pattern of consistent losses since 1981-82, the year with the largest numbers of Class VI teachers. In fact, there was a gain of 81 teachers in 1988-89.

The vast majority of Class VI teachers stay in the classroom until retirement, and there is no evidence that a new class is needed to retain them. As can be seen in Table 3.5, the number of Class VI teachers has not changed greatly,

although their percentage of the teaching force has shrunk as more teachers have been hired. The HSTA's conclusion on this subject appears to be correct: "Though the number of teachers in Class VI has declined, this is due to the turnover rate of teachers (primarily due to retirement)."³

Recruitment. A revised Class VII would probably have little impact upon teacher recruitment. Potential teachers are more likely to be concerned with starting, rather than future,

Table 3.5. Number of Class VI Teachers

Year	Total Number of Teachers	Number of Class VI Teachers	Change from Preceding Year	Class VI as Percent of Total
1971-72	8,980	2,497	--	28%
1972-73	9,007	2,846	349	31%
1975-76	8,839	3,877	1,031	44%
1976-77	8,776	4,321	444	49%
1980-81	9,220	5,480	1,159	59%
1981-82	9,097	5,627	147	62%
1983-84	8,985	5,575	-52	62%
1984-85	8,846	5,481	-94	62%
1985-86	9,227	5,500	19	60%
1986-87	9,255	5,398	-102	58%
1987-88	9,518	5,082	-316	53%
1988-89	10,323	5,163	81	50%

Source: Hawaii State Teachers Association.

salaries. Entry level pay for teachers in Hawaii has made gains in the past several years. The average starting salary for a teacher with a bachelor's degree increased from \$19,563 in 1987-88 to \$22,298 in 1988-89, or a rise of 14 percent.⁴ Those considering teaching as a profession may also be motivated by non-monetary considerations such as a love of teaching or the desire to work with young people. A revised Class VII would not address such intangible factors in recruitment.

Shortages. The overall impact of a new classification upon shortages would probably be minimal. The State is now experiencing shortages of teachers in special education, mathematics, English, school counseling, and school libraries. These shortages are mostly on the neighbor islands and rural areas of Oahu. The DOE has reported that "many teacher graduates are not able or not willing to relocate geographically" to places with shortages.⁵ The pay raise offered by a revised Class VII has no provision to motivate teachers to accept positions in remote locations or to teach particular subjects.

Pay Raise or Incentive

As has been seen, an unknown number of Class VI teachers would automatically receive a pay raise if a revised Class VII based upon retroactive credits were implemented. For a large number of teachers, then, the revised Class VII would not serve the purpose of professional development. If the main impetus for the proposed class is to give teachers a pay increase, it may be more appropriate to implement this through the collective bargaining process where both management and labor can shape the final agreement.

Many Class VI teachers appear to have a strong and commendable desire to develop professionally even without a financial incentive. Financial considerations are not the only motivating factor in inservice training, and a new classification would not necessarily encourage teachers to take courses.

Prospective credits would be more likely to encourage Class VI teachers to continue their professional development since they offer a future pay increase. However, prospective credits could cause morale problems among some teachers. Class VI teachers who continued to earn credits may resent being put on an equal footing with colleagues who did not take courses regularly. Prospective credits might also make dedicated teachers feel their past efforts to develop professionally are unappreciated. The HSTA's survey may give clues to teachers' feelings on this subject. Of those Class VI teachers surveyed, 94.7 percent felt academic credits and B credits earned prior to the creation of the new Class VII should be used for reclassification.

One argument for a revised Class VII is that unless Class VI teachers earn a Ph.D. there is "nowhere for them to go" on the present salary structure. They become "bunched" at Class VI. A Ph.D. is not an option for most teachers, who may feel trapped at Class VI. Yet the problem of bunching will recur in a few years when many teachers again become stuck in a revised Class VII. A new classification would only be a temporary solution. If this argument is extended, a revised Class VII might set a precedent for future, and expensive, revisions to the teacher classification system.

Teacher Classification and Effective Education

The single salary schedule has served several positive purposes over the years. By providing pay raises for additional training it has helped motivate many teachers to raise their academic levels. The single salary schedule has given teachers stability and predictability in compensation and has provided benefits for teaching experience. It has also brought equity to the teaching profession by eliminating pay differentials between elementary and secondary school teachers, male and female teachers, and teachers of different races.⁶

But the single salary schedule, by being "equal," may not be fair to all teachers. The system does not recognize and reward the gifted teacher. It does not accommodate the difficulty of a work assignment, such as teaching at a geographically remote school.

The existing criteria of experience and training do not leave room for other incentives for teacher advancement. One expert has observed that single salary schedules discriminate against outstanding teachers with fewer degrees and years of experience. He noted that some would argue that "there is no greater inequity than the equal treatment of unequals."⁷

This study could find no direct evidence that adding another class for teachers based upon additional credits will raise the quality of education in the state. Although the criterion of 15 credits for promotion is common in American school districts, according to the DOE there is no data showing a measurable link between the quality of a teacher's instruction and the *number* of courses that a teacher has taken.

Those who seek reform of the American educational system have recognized the need to improve the teaching force as well as the work environment. Several recent efforts at reform have enhanced the single salary schedule and made it more flexible to better accommodate the realities of classroom teaching. These ideas may have particular relevance to Hawaii, where substantial commitment has been made to improving education.

Teacher compensation and educational reform. The educational reform movement of the 1980s led 25 states to experiment with incentive programs that used alternative compensation methods. Incentive programs have as their goals rewarding excellence, promoting better teaching, and improving education for children.

States have invested heavily in incentive programs of different types. Tennessee is

spending \$99 million in 1988-89 for its career ladder program. Texas, which has a similar program, will spend several hundred million dollars, with school districts providing additional funds. The North Carolina incentive program, now in its fourth year, is funded at \$46.5 million and will probably be expanded. In California, the Mentor Teacher Program is now fully funded at \$63.5 million.⁸

Many of the programs enacted in these and other states award teachers additional pay, bonuses, and other salary supplements based on some sort of formal performance evaluation, evidence of professional contributions and growth, or additional duties.⁹

Types of incentive programs. Incentive programs usually involve the concepts of "mentor teacher," "master teacher," or "career ladder." Examples of each type of program are described below.

Mentor teacher programs. California has had a mentor teacher program since 1983. Its purpose is to encourage retention of exemplary teachers and upgrade the skills of new and experienced teachers by selecting mentor teachers who spend part of their time assisting their colleagues. School districts and county offices participate voluntarily and have flexibility in designing, implementing, and evaluating their own mentor programs. The law permits districts to designate up to five percent of their certified teachers as mentors. Each mentor receives a \$4,000 stipend and the district gets \$2,000 per mentor to support costs related to the program.

Now in its third year, New York's Mentor Teacher Internship program is currently funded at \$10.5 million. Experienced teachers serve as mentors to first year teachers. Maryland, Colorado, and Oregon are some of the other states with mentor programs.

Master teacher programs. The Massachusetts Public School Improvement Act of 1985 established the "Horace Mann Teacher" program. This master teacher program provides

additional pay to exemplary teachers who help solve educational problems within their schools. According to the guidelines of the Massachusetts Board of Education, the Horace Mann teachers train other teachers, develop curricula, provide special assistance to potential dropouts, and serve as inservice instructors or consultants. Each school district may apply for a grant equivalent to \$120 per teacher; the maximum extra compensation for each Horace Mann Teacher is \$2,500.

Connecticut's incentive program includes master teacher mentors as well as a career ladder. Virginia's pilot master teacher program has been found to work and has been endorsed by the board of education.

Career ladder program. The 1988-89 school year was the fifth year of the "Career Ladder Program" in Tennessee. The legislature appropriated \$85 million for the program with \$75 million to be used for salary supplements. The program has a three-rung career ladder for teachers and other educational personnel. Salary supplements from \$1,000 to \$7,000 are paid to those on the ladder. Educators may voluntarily seek Career Levels I, II, or III based on classroom or work place performance. An evaluation by the local district determines a teacher's Level I status, while a state evaluation determines Levels II and III. Student achievement and attitudes are included in evaluating teaching performance. This information is gathered from the teacher and from questionnaires completed by the teacher's students and principal.¹⁰

Texas, Utah, North Carolina, Missouri, and Georgia are among other states that have adopted some form of career ladder program along with other incentives.

Concluding Observations

The proposal to revise the current Class VII and add a new Class VIII will have a significant financial and administrative impact on the State. This represents a large expenditure of funds for benefits that are uncertain. Instead, many states are enhancing their systems, using compensation as a way to reward excellence, better teaching, and improved education. It might be more beneficial to explore the use of incentive programs and other ways to reward and challenge teachers than add yet another set of requirements for continuing professional education.

Recommendations

1. *In view of the potentially large cost and the lack of evidence that it will improve the quality of public education, the Legislature should not change the classification system for teachers contained in sections 297-31.1 and 297-32, HRS, by revising the current Class VII or enacting a new Class VIII.*
2. *The Legislature should consider exploring a range of alternative ways to compensate teachers for their experience and continued growth. This exploration should include the incentive and reward programs of outstanding states and school districts.*



NOTES

Chapter 2

1. National Education Association, *Search: The Single Salary Schedule*, National Education Association, 1985, p. 7.
2. National Education Association, *Search: Structuring Teacher Pay: Panaceas, Problems and Potential*, National Education Association, 1985, p. 13.
3. U.S. Department of Education, *Salary Structures for Public School Teachers, 1984-85*, CS 87-357, June 1988, p. 9.
4. National Education Association, *Teacher's Salary Schedule*, April 14, 1989.
5. Minutes of the State of Hawaii Board of Education, Honolulu, June 1, 1989.
6. *Agreement between the Hawaii State Teachers Association and the State of Hawaii Board of Education, July 1, 1989-June 30, 1993*, pp. 43-44.
2. *Agreement between the Hawaii State Teachers Association and the State of Hawaii Board of Education, July 1, 1989-June 30, 1993*, pp. 48-53, 64-67.
3. Hawaii State Teachers Association, *A Look at Teacher Reclassification*, September 8, 1989, p. 3.
4. American Federation of Teachers, *Research Report: Survey and Analysis of Salary Trends 1989*, American Federation of Teachers, AFL-CIO, Washington, DC, July 1989, pp. 45, 48.
5. Hawaii, Department of Education, *State of Hawaii Public Schools Instructional Personnel Needs 1989-1999*, Honolulu, March 1989, p. 1.
6. Educational Research Service, *ERS Report: Methods of Scheduling Salaries for Teachers*, 3rd ed., Educational Research Service, 1987, p. 63.

Chapter 3

1. The DOE has estimated that the financial impact of the proposal will be \$8,127,600. This assumes that all 5,200 teachers in Class VI will be reclassified to Class VII, step 11 (5,200 x \$1,563, the salary difference between step 11 in classes VI and VII). This estimate is incorrect because (1) not all Class VI teachers will qualify for immediate promotion and (2) the DOE's estimate is based upon the August 1989 to August 1990 salary schedule. If the Legislature enacts a revised Class VII in 1990, the earliest teachers could qualify for reclassification would be during the Fall 1990 semester. This would put them on a different salary schedule.
7. *Ibid.*
8. Southern Regional Education Board, *Career Ladder Clearinghouse: Funding Performance Pay Plans, April 1989 Update*, p. 2.
9. Educational Research Service, *ERS Report: Methods of Scheduling Salaries for Teachers*, 3rd ed., p. 5.
10. Southern Regional Education Board, *Career Ladder Clearinghouse*, December 1988, pp. 14, 21, 29.

RESPONSES OF THE AFFECTED AGENCIES

COMMENTS ON AGENCY RESPONSE

We transmitted a preliminary draft of this report to the Board of Education and the Department of Education on December 20, 1989. The Hawaii State Teachers Association (HSTA) was also given the opportunity to comment on this draft. A copy of the transmittal letter to the Chairperson of the Board of Education is included as Attachment 1 of this Appendix. Similar letters were sent to the Superintendent of Education and the HSTA. The Board of Education did not respond. The response from the department is included as Attachment 2 and the response from the HSTA is included as Attachment 3.

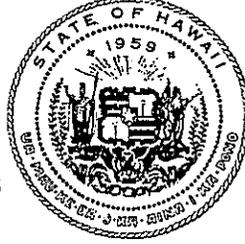
The Department of Education responded that it had reviewed the draft report and found it to be satisfactory.

The Hawaii State Teachers Association disagreed with the study's findings and recommendations. The association stated that the experience of classroom teachers has verified that professional development contributes to raising the quality of education. The association also stated that a new Class VII would have an positive effect on recruitment, retention, and teacher shortages.

In a meeting with the auditor on January 9, 1990, HSTA representatives expressed strongly that the following information should have been included in the study: (1) the results of its survey of teachers in which 96.2 percent responded that university courses or DOE "B" credit workshops were very helpful, generally helpful, or somewhat helpful in their teaching or departmental assignments; (2) the National Education Association's *Teacher Salary Schedule* which shows that 35.5 percent of salary schedules in other school districts provide greater opportunities for advancement; (3) the lack of research evidence that professional education does not contribute to the quality of education; (4) the lack of research evidence that incentive compensation plans have resulted in improved student learning and that these plans are supplements to and not replacements of the single salary schedule.

ATTACHMENT 1

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813



(808) 548-2450
FAX: (808) 548-2693

December 20, 1989

C O P Y

Mr. Francis McMillen
Chairperson
Board of Education
1390 Miller Street
Honolulu, Hawaii 96813

Dear Mr. McMillen:

Enclosed are three copies, numbers 9 to 11 of our draft report, *Study of A New Salary Class for Teachers*. We ask that you telephone us by December 26, 1989, on whether you intend to comment on our recommendations. Should you decide to respond, please transmit the written comments to us by January 8, 1990. We will append your response to the report submitted to the Legislature.

The Superintendent of Education, President of the Hawaii State Teachers Association, Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since the report is not in final form and changes may be made, access to this report should be restricted to those whom you might wish to assist you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script that reads 'Newton Sue'.

Newton Sue
Acting Legislative Auditor

Enclosures



STATE OF HAWAII
DEPARTMENT OF EDUCATION

P. O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

January 3, 1990

Mr. Newton Sue
Acting Legislative Auditor
Office of the Auditor
465 King Street, Room 500
Honolulu, Hawaii 96813

RECEIVED
JAN 9 11 57 AM '90
OFFICE OF THE AUDITOR
STATE OF HAWAII

Dear Mr. Sue:

Thank you for sharing copies of the draft report, Study of a New Salary Class for Teachers, with the Department of Education. We have reviewed the draft report and find it to be satisfactory in its present form.

Please call on us if we can be of any assistance in the discussion of the report.

Sincerely,

A handwritten signature in cursive script that reads "Charles T. Toguchi".

CHARLES T. TOGUCHI
Superintendent of Education

CTT:cai

c.c. Office of Personnel Services



ATTACHMENT 3

2828 Paa Street, Suite 2050
Honolulu, Hawaii 96819
(808) 833-2711

Hawaii State Teachers Association

Teaching Today for Hawaii's Tomorrow

January 8, 1990

Mr. Newton Sue
Acting Legislative Auditor
465 S. King Street #500
Honolulu, HI 96813

Dear Mr. Sue:

We appreciate the opportunity to submit our comments on the Auditor's draft report, Study of a New Salary Class for Teachers.

After reviewing the report, we are very disappointed with the findings and recommendations presented by the Auditor. We do not believe that the Auditor's report represents a comprehensive review of the facts or that its recommendations are based on educational research data or experiences of current classroom teachers.

I will try to outline our specific concerns regarding the report.

One of the report findings states that there is no evidence that proposed Class VII would promote more effective education. We find this statement to be inconclusive. How can one draw the conclusion stated without evidence available? We question the data on which this finding was made. We request the research evidence both formal and informal that substantiates this conclusion.

When we met with the Auditor, we urged that in your efforts to determine the benefits of professional development, that discussions with classroom teachers were essential. The professional abilities of teachers do improve with the completion of educational pedagogy or subject matter courses. In fact, it is the DOE's practice to recommend, and at times pay for, courses for teachers to improve their teaching abilities or acquire new skills. All credits for improvement in classification must have DOE approval. A teacher submits the request to the principal and substantiates need and benefit to teaching. This process acknowledges input of professional development benefits.

If the current process for approving credits for professional development is not being implemented to insure improved teaching abilities, then we suggest that the process be examined and improved.

The experience of classroom teachers is contrary to your findings. Teachers have verified that, through their involvement in professional development, they have acquired additional knowledge and skills that have

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Executive Director

contributed to effective teaching methods, strategies to deal with the complexities of the current student population, received recent information on student learning styles, kept abreast of development in subject matters, expanded their knowledge in counseling, mainstreaming, special education, and experienced the challenge as a student engaging in research and formal study. The fact that 40 percent of Hawaii's public school teachers have taken course work without the salary incentive indicates the value of course work to their professional growth and development.

We question the validity of your recommendation that any changes in the teacher salary schedule should be along the schemes suggested as career ladders, differential pay, etc. There is no educational research evidence that indicates that these schemes have provided any improvement in student learning.

We are puzzled by your conclusion on one hand that professional development courses such as that which would be included in Class VII would not result in any educational benefit, yet proceed to recommend a new salary schedule that is not supported by educational research evidence.

These new salary schemes are recent developments that do not have any track record of improvements and benefits to education. There is substantial proof by classroom teacher experience and DOE regulations that earning credits do increase the teacher's knowledge of educational process and in turn, would contribute toward an improved learning environment. These new salary schemes have not yet been accepted by the current teacher population and strong opposition exists to them.

We disagree with your statement that a new Class VII would have very little effect on the teacher shortages. The consistent statement by the DOE is that general shortages do not exist in the State of Hawaii. The shortages that do exist are classified as geographic, specialized, or subject matter areas, i.e., special education, counseling, science, math, vocational education, etc. To fill these special shortage areas, the Department's policy requires the earning of college credits to meet certification requirements. We find it very inconsistent that the Auditor's report does not see the value of inservice teachers retraining to meet the requirements for these shortage areas.

When one considers that over 50 percent of our inservice teachers are on the top classification and to be able to fill shortage areas must earn college credits, pay for tuition, books/supplies, parking and no prospect of receiving additional compensation, your conclusion is rejected. With the various programs developed by the DOE for inservice teachers to become certified to teach math, science and other subject area shortages, it would seem to us that the DOE is encouraging teachers to return to a school to provide a service to the DOE.

We are puzzled that the report contains a statement that there would be no positive effects dealing with the shortages in light of this information. It must be remembered that every certification requirement of the DOE requires the earning of a stated amount of course credits.

We are concerned by the lack of information in the report that the HSTA provided to the Auditor dealing with comparative schedules of Hawaii and other states. The report spends a lot of time talking about the single salary schedule, but fails to provide any comparison between Hawaii's single salary schedule and other school district single salary schedules.

Specifically, the evidence we presented to the Auditor showed that Hawaii's single salary schedule classification stopped far short of other single salary schedules. In Hawaii, the top classification requires individuals to have a Bachelor's degree plus 60 credits or a professional diploma plus 60 credits or a Master's degree plus 45 credits. Yet, a substantial number of other states with single salary schedules compensate teachers up to 90 credits over a Bachelor's degree.

Further, considering the fact that the last amendment to the Hawaii teacher single salary schedule was made in 1969 which involved the addition of Ph.D. Class VII, the report does not present an accurate picture of the history of teacher salary schedules in Hawaii nor the comparison to other State salary schedules.

We are further bothered by the fact that the report casually compares other salary schemes and yet leaves this important distinction out.

The report's findings that the cost of the creation of a revised Class VII and a new Class VIII would result in over burdening the financial situation of the State is inconsistent with other similar job pricing and salary adjustments occurring throughout the various sectors of Hawaii's public employees.

In the DOE supplementary budget to the 1990 Legislature, there is an appropriation of over \$1 million to increase the salary based on increased classification on the educational officers. Further, DOE documents indicate that this \$1 million is being spent for approximately 600 educational officers.

The report indicates that the cost to reclassify 40 percent of the teachers in Class VI would result in a cost of \$3.3 million. This represents less than one percent of the State's funding for public education. In addition, table 3.2 is not accurate. The ongoing cost of Class VII will remain the same or be reduced due to the number of retirements from this classification. If you compare that cost, together with the fact that teachers must earn credits to get to that position, the expense becomes comparable to other expenditures that the DOE is making to the 1990 Legislature.

Specifically, the cost for the creation of a revised Class VII must be related to the goals of public education. The benefits to be related to this additional cost must be viewed in terms of opportunity to students to prepare them for their role as citizens in our democracy. To sum it up, "if you think that education is expensive, try ignorance."

We disagree with your conclusions about the financial implications because it lacks consideration that a better prepared teacher will produce a

better learning environment in the classroom. Our state currently enjoys a very healthy financial condition. Future projections indicate that this healthy financial condition will continue. Survey after survey of the public indicates that the public's desire and willingness is to spend more money for education.

In addition, the Berman Report issued last year acknowledged the high training and competence of Hawaii's teachers and recommended that all teachers have training and professional growth as part of their job.

To conclude, we disagree with the following findings:

- o That the revised Class VII and a new Class VIII would not contribute toward improving the quality of public education. The experience of the classroom teacher indicates the opposite which we feel your report did not consider.
- o That the Legislature should consider exploring a range of alternative ways to compensate teachers for their experience and continued growth may violate the collective bargaining law in the State of Hawaii in suggesting legislative action on an item of negotiability.
- o That many states are moving away from the single salary schedule toward incentive compensation systems based or stated as job function, competency and production. There is no educational research evidence that support this finding.

Currently, many proposed schedules have not produced desired outcomes and there is a return to the single salary schedule. The current teacher population overwhelmingly supports the current single salary schedule over any other salary scheme.

HSTA firmly believes that if we are to improve the learning environment of children, we must direct the improvement of every teacher's ability to perform their professional obligation. Schemes that compensate a limited number of teachers or compensate teachers to tell other teachers what to do have not measured up to success.

Further, we disagree with the recommendations of the report. We firmly believe that creating a revised Class VII would improve recruitment and retention to deal with the shortage of teachers. Evidence indicates that when teachers seek employment they not only consider beginning salary, but career rate as well. Hawaii's salary schedule falls short of comparable school districts across the nation.

Your recommendation dealing with the manner in which credits are earned and applied for the revised Class VII is opinion and the Department and the Association have discussed ways in dealing with this. The report shows no evidence of that information.

Further, there is no evidence that proposed Class VII would promote more effective education runs counter to the classroom teacher's experience.

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Although some states have experimented with career ladders, differential pay and other schemes, the single salary schedule still remains as the preferred salary schedule for teachers. In fact, the evidence indicates that new schemes have been eliminated and a return to the single salary schedule has occurred. Examples of this have occurred in Florida, Tennessee, and Fairfax County, Virginia.

I hope this information provides you with additional data that changes in your report, Study of a New Salary Class for Teachers, will be made prior to its submission to the Legislature.

Thank you for the opportunity to submit this information and I look forward to your discussion on these items.

Sincerely,



Earl Arruda
President

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