

2/17/05

## K12 Cost of Living Work Group

### Findings and Recommendations:

The workgroup finds that:

1. Equal teacher pay is not equitable given significant differences in regional cost of living, and
2. Regions with economic activity capable of increasing the cost of housing are also capable of generating the resources to pay teachers equitably.

The workgroup **recommends** regional cost of living adjustment based on a statewide salary base, a factor for adjustment and funding at the county level.

**Salary Base:** The work group recommends that the basis for any cost of housing adjustment be the basic state salary schedule, excluding any grandfathering. This leads to a policy indifference regarding what the statewide salary schedule in fact is, the current model or other recommended structures including reforms which may be proposed.

**Factor Basis:** Since the primary difference in regional cost of living is explained by the cost of housing, the workgroup recommends that the regional cost of living adjustment be based on housing costs. The workgroup **recommends** the use of regional differences in the cost of rental housing so as to isolate the cost of housing from the investment value of housing equity. The workgroup **recommends** the use of HUD cost of rental housing by county as a reasonable estimate of the differences between housing costs, and as a available and objective measure the regional differences in cost. As a fallback, the workgroup **recommends** the use of homeowner housing costs, adjusted for investment value, though the workgroup recognizes that there will be administrative costs related to acquiring accurate and timely data on regional housing costs, making this alternative much less attractive..

**Geographic Basis:** The workgroup **recommends** that regional cost of living adjustments should be made for differences based on geographic areas larger than individual school districts. The workgroup suggests two alternatives. One alternative is to make adjustments based on county level estimates. The second alternative is to combine housing cost information from neighboring counties to determine the adjustments. Both of these suggestions are intended to reduce the possibility that neighboring school districts would have large differences in cost of living adjustments.

The choice of HUD rental housing data effectively results in counties being the atomic level for calculations. And, while the border differentials of counties maybe problematic, simplicity and transparency suggests the use of counties as the basic boundary for making a cost of housing adjustment.

**Funding Salary Adjustments:** The workgroup evaluated three potential funding methods for regional cost of living adjustments - state level funding, county funding with a state match, and county level funding alone.