



# Rules to Attract and Retain Top-Notch Instructors at South Dakota's Technical Institutes

*June 20, 2016*



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## The Challenge

- Difficult to attract instructors from industry positions because of difference in pay
- Challenging to keep instructors employed when graduates from their programs receive offers in industry similar to instructors' salary

## A Funding Solution

- 2016's passage of HB1182
- Created new funding source specifically for increasing instructor salaries
- Dedicated 3% of new state sales tax revenue
- FY17 appropriation = \$3 million



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## HB 1182

### *Section 18:*

*The presidents of the postsecondary technical institutes, acting pursuant to rules established by the State Board of Education, shall use the money provided pursuant to this Act to increase instructor salaries at each postsecondary technical institute.*

## Administrative Rule 24:10:49

- :01** Purpose of funds
- :02** Market value determination
- :03** Information to be provided
- :04** Calculation of need
- :05** Distribution of funds
- :06** Instructor salary adjustments
- :07** Reporting



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## Definitions added in 24:10:48:01:

- **Actual average daily rate:** Average rate paid per contract day for all instructors in a program, separately calculated for technical instructors and general education instructors
- **Contract days:** Instructors’ working days in an academic year
- **General education:** Courses in communications, computer applications, math/science, social studies, and behavioral science taught at technical institutes



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## Definitions added in 24:10:48:01:

- **Instructor, general education:** Instructor whose primary assignment is teaching general education courses
- **Instructor, technical:** Instructor whose primary assignment is teaching courses other than general education
- **Market value:** The point within the wage range for each instructor position which reflects full qualification to hold the position and supervisory-level professional compensation in a comparable industry



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## Definitions added in 24:10:48:01:

- **Salary support funds:** Funding appropriated each year for instructor salary support to increase instructor salaries to market value
- **Target average daily rate:** Market value for each instructor position divided by the number of working days for that position
- **Wage range:** Range of pay established for each instructor position which includes an entry rate, market value, and maximum rate



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## **:01 Purpose of funds**

- Increase instructor salaries to market value
- Distributed to achieve equitable market values among the technical institutes

## **:02 Market value determination**

- DOE sets a wage range and market value for each instructor position every 3 years
- May consult the DLR or the BHR



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## **:03 Information to be provided**

- TIs provide information each November:
  - Average salary per instructor
  - Average number of contract days
  - Number of instructors
  - Justification for any increase of contract days for the next academic year of instructors, with detail regarding how the increased contract days will be sustained



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## :04 Calculation of need

- DOE calculates, for each TI:
  - The actual average daily rate per program
  - Salary need for technical and general education instructors; priority given to technical instructors
  - Total TI salary need



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## **:05 Distribution of funds**

- Distributed quarterly in equal payments
- Payments may be adjusted if funding exceeds need
- If total need exceeds available funds, funds will be pro-rated for distribution
- Calculated need for technical instructors shall receive priority over need for general education instructors



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## :06 Instructor salary adjustments

- From funds distributed, presidents determine compensation for individual instructors in programs with identified need
- Compensation based on:
  - industry experience
  - teaching experience
  - academic degrees
  - industry credentials
  - performance



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## **:06 Instructor salary adjustments (cont'd)**

- If payments are subject to negotiation with the designated collective bargain representative of the instructor, the negotiation shall be consistent with these requirements

## **:07 Reporting**

- TIs report to DOE each July re: how salary support funds were used and resulting instructor compensation
- TIs responsible quarterly for reporting any difference between need calculated and funding applied
- DOE reports to BOE and Legislature each year



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- Bureau of Human Resources helped identify:

- Appropriate salary sources
- Benchmarks (position titles) that match requirements of instructor positions
- 50<sup>th</sup> percentile (median) salary for each position title

- Averaged 50<sup>th</sup> percentiles for each position across surveys to establish entry rate of wage range



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- Data from 4 surveys representing SD and surrounding states
  - Economic Research Institute
  - National Compensation Association of State Governments
  - Sioux Empire Society of Human Resource Management
  - SD Association of Health Organizations
- Data from SD Labor Market Information Center for positions not in surveys



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- 50<sup>th</sup> percentile rate for each program set as Entry Rate in the Wage Range

- **Entry Rate:**

- Rate neither lags nor leads competition in the market
    - Typically for beginning instructors
    - Fully qualified and well experienced as professionals in their industry occupation
    - Little experience as an instructor, have licensure or certification requirements to obtain, etc.



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- Determined “leads” for each program to set market value

- Art vs. Science

- Most lead by 25%
    - Some lead by 20% (high availability of instructors or fields with narrow wage ranges)
    - Some lead by 30% (difficult to recruit instructors or fields with wide wage ranges)



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- **Market Value:**

- Target pay for fully trained, competent, and qualified instructors in both their field and as instructors
    - Possess all required licensures and/or certifications
    - Represents a skilled supervisor in a comparative industry
    - Meets performance expectations
    - Instructors with little experience or who have room for growth should not be compensated at market value



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- Maximum rate leads market value by 25% in most cases
- **Maximum Rate:**
  - Top wage in the program; few instructors will make it to max
  - Leaders in their department and institution
  - Typically in industry and education for a long time
  - Carry additional responsibility and bring added value to the program
  - Talented at teaching, mentoring and as technicians in their field
  - Have the required licensures and/or certifications required



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- Wage ranges typically represent 80-120% of market value

- Example Wage Range for Auto Tech Program Instructors

- Comparable industry position: First-line Supervisors of Mechanics, Installers and Repairers
- 50<sup>th</sup> Percentile (Entry Rate) = \$57,789
- 25% lead to Market Value = \$72,236
- 25% lead to Maximum Rate = \$90,295



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- Convert annual wages to daily rates (industry comparative)

- $\$57,789/241$  workings days per year =  $\$239.79$  per day (Daily Entry Rate)
    - $\$72,236/241 = \$299.74$  per day (**Target Average Daily Rate**)
    - $\$90,295/241 = \$374.67$  per day (Daily Maximum Rate)



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Setting Wage Ranges**

- General Education Instructors’ Wage Ranges set differently than Technical Instructors’:

- Market value = 50<sup>th</sup> percentile for apples-to-apples comparison
- Wage range still 80-120% of market value
- Working days was modified to 180 days rather than 241

- Transferrable general education ranges set against postsecondary teacher data

- Non-transferrable general education market value set consistent with K12 target of \$48,500



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Distribution of Funds**

- TIs provided, by program:

- Instructor Average Salary
- Average Number of Contract Days
- Number of Instructors

- Calculated **Actual Average Daily Rate**

- Instructor Average Salary / Average Instructor Contract Days
- Auto Tech Instructor Example @ LATI = \$47,666 / 190 contract days = \$250.87



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- **Distribution of Funds**

- Calculated need by program, technical instructors first

- Target Average Daily Rate – Actual Average Daily Rate = **Average Daily Program Gap**
  - Ex:  $\$299.74 - \$250.87 = \$48.86$
  - Positive vs. Negative Daily Program Gap
- Total Program Salary Gap = Average Daily Program Gap \* Number of Contract Days \* Number of Instructors
  - Ex:  $\$48.86 * 190 \text{ contract days} * 4 \text{ instructors} = \$37,136.08$  in Total Program Salary Gap



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



## • Distribution of Funds

– Add in additional benefits costs

- Total Program Salary Gap \* 14.06% = Additional benefits cost

– Ex.  $\$37,136.08 * 14.06\% = \$5,221.33$

– Add Total Program Salary Gap + Additional Benefits = Total Program Need

- Ex.  $\$37,136.08 + \$5,221.33 = \$42,357.42$  Total Program Need

– Repeat for all programs at each TI to calculate total need per TI



# HB 1182 – Technical Institute Instructor Salary Support

*“...shall be dedicated to increasing instructor salaries to competitive levels at postsecondary technical institutes”*



- Calculated need by TI (draft figures):

	Tech Instructor Need	Gen. Ed Instructor Need	Total Calculated Need	Gen Ed Instructor Pro-Ration	Total FY17 Instructor Support \$\$
LATI	\$1,278,218.75	\$95,547.81	\$1,373,766.56	30.8%	\$1,355,491.29
MTI	\$895,090.08	\$29,047.28	\$924,137.36	9.36%	\$918,581.53
STI	\$100,450.16	\$38,617.44	\$139,067.61	12.45%	\$131,681.31
WDT	\$475,372.54	\$146,987.36	\$622,359.90	47.38%	\$594,245.87
<b>TOTAL</b>	<b>\$2,749,131.53</b>	<b>\$310,199.89</b>	<b>\$3,059,331.43</b>	<b>100%</b>	<b>\$3,000,000</b>
<b>Appropriated Funding FY17</b>	<b>\$3,000,000</b>		<b>\$3,000,000</b>		
<b>Difference</b>	<b>\$250,868.47</b>		<b>(\$59,331.43)</b>		

