

LAO AMERICAN ASSOCIATION
Vientiane

January 16, 1973

TO: Members of the Board of Directors
FM: John Reid, Administrative Director, LAA
SU: Proposals regarding teacher salaries and tuitions

The following proposals are submitted for immediate consideration by the board:

1. Increase salaries for teachers as follows:

	<u>From:</u>	<u>To:</u>
Teachers with no college degree and little or no experience	1320 kip/hr	1450 kip/hr
<u>II</u> Teachers with either college degree or adequate experience	1440 kip/hr	1580 kip/hr <u>140</u>
<u>III</u> Teachers with both college degree and adequate experience	1560 kip/hr	1700 kip/hr <u>140</u>
Teachers of advanced courses	2000 kip/hr	2000 kip/hr
Teachers of USAID courses outside the Vientiane city limit	2600 kip/hr	2600 kip/hr

(Note that increases for teachers of standard courses amount to about ten percent. Salaries for teachers of advanced courses were raised for the current term, and no additional increase is proposed.)

I 2. Commencing with the spring term which begins in February, increase student tuitions for standard courses by ten percent; that is, from 5000 kip to **5500 kip**. Retain advanced course tuitions at the current level; that is, 5500 kip.

II 3. Request the following revisions in the USAID teaching contract:

- a. USAID now pays us 1440 kip plus \$1.60 per fifty-minute session for classes composed exclusively of USAID students and taught at HRDD or elsewhere in Vientiane. Specify terms of payment as 1580 kip plus \$1.60 per class hour. Do not, however, change terms of payment for USAID classes conducted outside Vientiane.
- b. USAID now pays the standard 5,000 kip tuition for USAID students enrolled in classes taught at LAA. Specify that USAID pay the new tuition; that is, 5,500 kip.

140 kip/hour

DISCUSSION:

1. Didn't the board recently consider tuitions and teachers' salaries?

The board last discussed teachers' salaries on May 5. At that time the board noted that increased living costs had made it extremely difficult for teachers to subsist on their salaries. In response to this condition, the board approved a ten percent salary increase effective May 1 and a second equal increase effective in July. The pay raise was financed in two ways: First the board authorized a tuition increase from 4,200 to 4,600 kip for the trimester beginning in July and, subject to evaluation, a second equal tuition increase for the trimester beginning in October. Second, the board noted that payments on the USAID contract were made in dollars, some of which were converted to kip at the legal rate for payment of teachers' salaries in kip. Since there had been a favorable change in the legal conversion rate, kip revenue on the USAID contract had effectively increased, and no change in the USAID contract was necessary to increase salaries of teachers.

2. Why is there a problem now?

Since the board's last action, living costs in Vientiane have continued to increase. Since last May, the cost of second-quality beef has increased from 500 to 700 kip per kilo. A can of Swan condensed milk which cost 160 kip only a few months ago now costs 190 kip. An egg that cost 25 kip in May cost 35 kip in December and, on January 1, cost 40 kip. Prices of imported commodities have increased even more sharply.

LAA's teachers have had to meet these increased living costs with fixed salaries, and this has necessitated stringent private budgeting. The situation has now become so critical that some LAA teachers are giving up LAA class hours to take on more lucrative private teaching jobs. Within the last few days, there has even been talk of a teacher strike if salaries are not increased, and many teachers have signed a letter requesting a salary increase (see copy attached).

Whether or not there is a strike, we cannot expect that our present salaries will attract our best teachers back when we recruit for the spring term. We will then have to accept the applications from less qualified individuals who cannot find work elsewhere. Our experience is that such individuals may behave irresponsibly and that their teaching may be inadequate. The administrative staff will become more pre-occupied with personnel problems, and the quality of LAA's English-language instruction will certainly deteriorate.

A ten percent salary increase for teachers of the standard courses will not fully compensate teachers for increased living costs. We consider, however, that it is the minimal increase which will avert serious problems.

3. What about teachers of advanced courses and teachers of USAID courses outside Vientiane?

On October 17, the board approved a 2,000-kip-per-hour salary for teachers of advanced courses. No further action is required now. Also, we think that, under present circumstances, payment for teachers of USAID courses outside Vientiane is adequate.

4. Won't the proposed tuition increase mean decreased enrollment?

For the spring 1972 term, we charged 4200 kip and had an enrollment of 1720 students in 83 classes. For the summer 1972 term, we raised tuition to 4600 kip and had an enrollment of 1760 students in 81 classes. For the autumn 1972 term, we raised tuition to 5,000 kip and had an enrollment of 1938 students in 90 classes. This was the third highest enrollment in our history. Thus far, demand for our English-teaching product has withstood the negative effects of tuition increases. We assume the demand still exists.

5. Will the proposed tuition increase cover the cost of salary increases for classes taught at LAA?

Since the board raised tuitions for advanced classes to 5500 kip in October, none of the proposals affect the advanced classes. Moreover, our grant from the American Women's Club will help support those advanced classes which, otherwise, would not be self-supporting.

As for the standard classes, consider the following computations based on current enrollment:

a. Cost of teaching standard classes for one term:

~~1450~~ kip/hour x 10 hrs/day x 60 days per term = 2,870,000 kip
1580 kip/hour x 30 hrs/day x 60 days per term = 2,844,000
1700 kip/hour x 45 hrs/day x 60 days per term = 4,590,000

Total cost of teaching standard classes,
one term = 8,304,000 kip

b. Tuition revenue for standard classes for one term:

1763 students x 5,500 kip = 9,696,500 kip

Assuming current enrollment and increased revenue and expenditure, tuition revenue will still exceed direct teaching costs.

4. What about classes at USAID?

In May 1972, we didn't have to do anything to the USAID contract because, after the official devaluation, the extra kip we got for our USAID dollars covered a pay raise for teachers. This time, however, there has been no official devaluation, and, in the meantime, USAID has asked us to amend the contract so that the portion of the USAID payment which covers teachers' salaries is paid in kip.

Our proposal that USAID be asked to pay 5500 kip per term for its students at LAA will cover increased cost of teaching those students.

As for the cost of teaching students at USAID, consider the following computations based on current enrollment:

a. Cost of teaching USAID classes for one month:

1450 kip/hour x 9 hrs/day x 22 days/month =	287,100 kip
1580 kip/hour x 9 hrs/day x 22 days/month =	312,840
1700 kip/hour x 34 hrs/day x 22 days/month =	1,271,600
2000 kip/hour x 6 hrs/day x 22 days/month =	264,000
2600 kip/hour x 3 hrs/day x 22 days/month =	171,600

Total USAID teaching cost, one month . . . = 2,307,140 kip

b. Revenue on USAID classes for one month:

1580 kip/hour x 58 hrs/day	
x 22 days/month =	2,016,080 kip
\$1.60/hour x 58 hrs/day	
x 22 days/month =	\$2,041.60
2384 kip/hour x 3 hrs/day	
x 22 days/month =	157,344 kip
\$2.03/hour x 3 hrs/day	
x 22 days/month =	\$ 133.98

Total teaching revenue, one month 2,173,424 kip \$2,175.58

(The above calculations do not include charges and payments for special services, such as testing, under the contract.)

Even with our proposals, monthly kip revenue from USAID will fall about 133,716 kip short of the total required to meet direct teaching costs at USAID. This deficit can be met, however, from the dollar payments which USAID makes for overhead.

attachment: copy of letter from teachers

cc: Mr. Pats, USIS
Mr. Hardy, USIS

jmreid:ml