

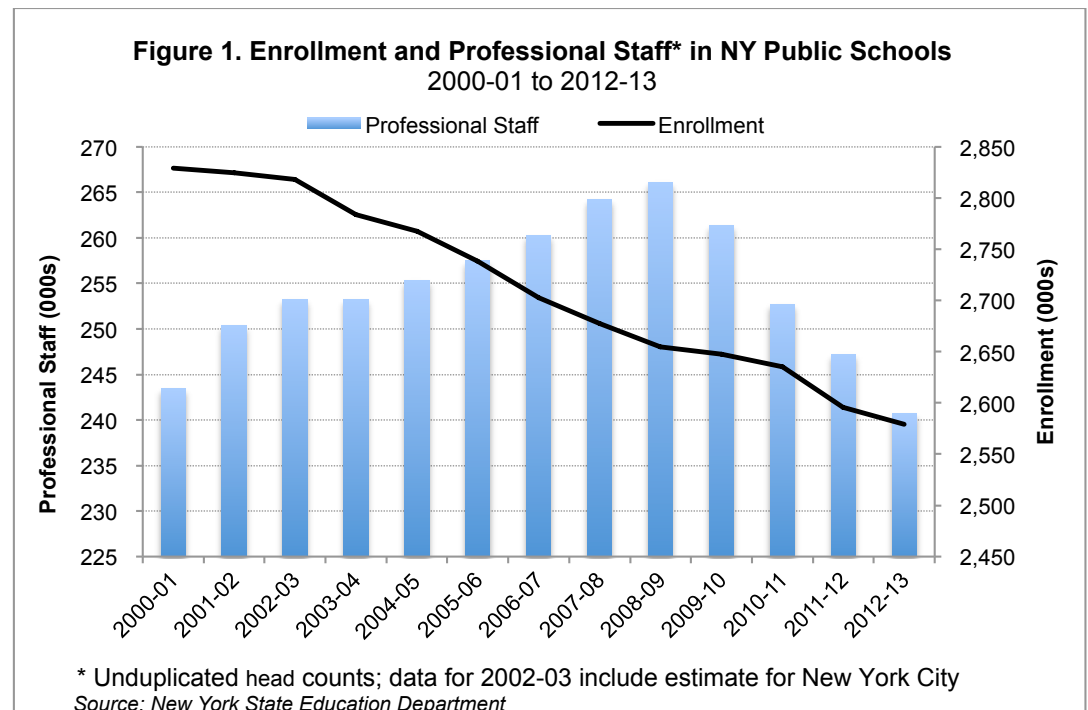
What's driving K-12 school costs?

New York's annual budget battles over state aid to public education have taken on a new urgency in the wake of the Great Recession and the 2011 enactment of a law empowering local voters to cap their property taxes. Education spending advocates say the tax cap and a statutory limit on school aid increases is forcing school districts to slash budgets and cut programs. The statewide teachers' union has even gone so far as to assert that the governor and Legislature "have put New Yorkers on a starvation diet."¹

Public schools statewide retrenched, eliminating thousands of staff positions in the four years following the economic downturn, yet their expenses continued rising at a pace few could sustain. The latest State Education Department (SED) data highlight two important trends:

- From 2008-09 to 2012-13, the statewide median teacher salary rose by 10 percent – and the median for downstate suburban districts increased almost twice as much. These increases were driven in large part by automatic, "step" raises linked to seniority. The state Triborough Amendment² required districts to continue paying these increases even after teacher union contracts expired.
- Schools in 2012-13 were still employing almost as many professional staffers as they did in 2000-01 – when there were 284,335 more pupils.

The variations in school staffing since 2000-01 – and steady downward tumble of enrollment in the same period – are shown in Figure 1, below.



Between 2000-01 and 2008-09, New York schools added 14,746 teachers and 8,655 non-teaching professionals such as administrators and guidance counselors, an increase of 10 percent even as enrollment dropped by 4 percent, or 174,000 pupils. Since 2008-09, schools have eliminated 25,350 positions – but enrollment also has dropped, by another 76,000.

As shown in Table 1, the greatest disparity between student enrollment and staffing trends has been in New York City. The city’s student enrollment has dropped almost 10 percent since 2000-01, but professional staffing levels were still higher in 2012-13, almost entirely as a result of a 12 percent growth rate in the non-teaching “other professional” category. Schools in the Long Island and Mid-Hudson regions also had more staff and fewer pupils in 2012-13 than in 2000-01.

As shown below, upstate schools experienced much larger enrollment decreases – and also shed staff. But even upstate, the number of professional staffers decreased by less than half as much as the number of pupils.

There is also a sharp difference in trends between teachers and other professionals. The number of teachers in downstate districts is up only slightly over 2000-01 levels, and has dropped sharply upstate – yet the number of non-teachers has increased at double-digit rates in every region.

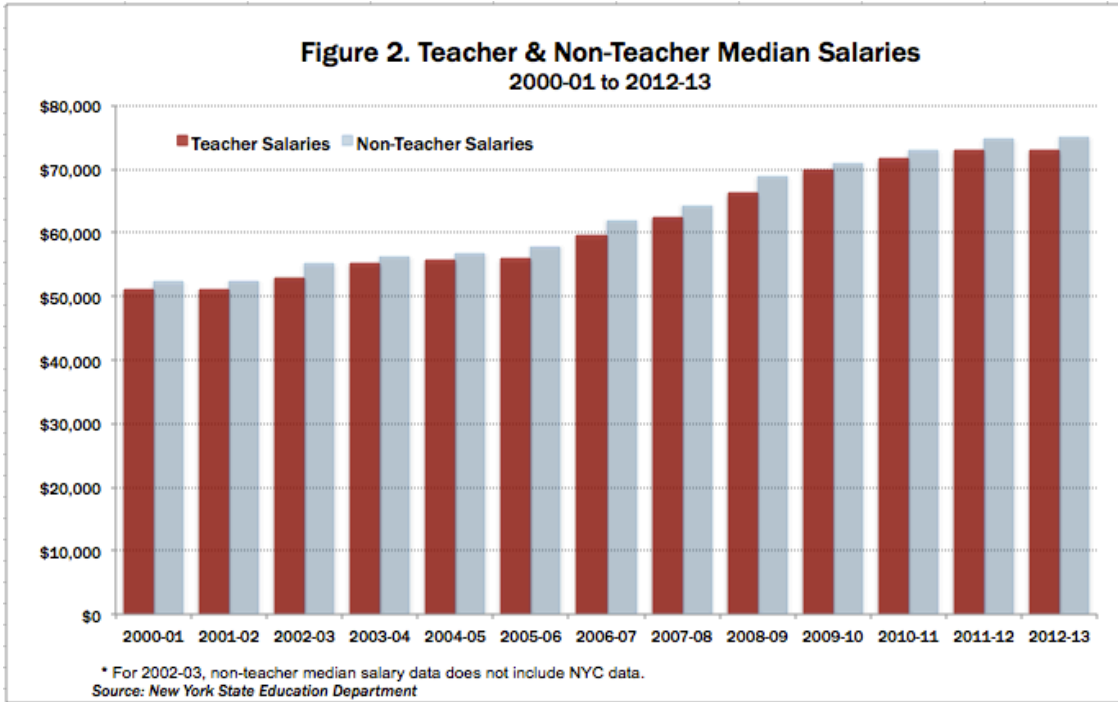
What is the right ratio of teachers and non-teaching professionals to students? The data do not immediately suggest a correct answer - but it’s one that should be answered as lawmakers try to understand the true nature of the funding crisis claimed by many school leaders.

| Table 1. Enrollment and Professional Staff* in New York State Public Schools | | | | | |
|---|----------------------|--------------------|-------------------|----------------|--------------------|
| | <i>New York City</i> | <i>Long Island</i> | <i>Mid-Hudson</i> | <i>Upstate</i> | <i>State Total</i> |
| Enrollment | | | | | |
| 2000-01 | 1,068,337 | 456,212 | 348,872 | 990,058 | 2,863,479 |
| 2012-13 | 963,030 | 447,002 | 338,119 | 830,993 | 2,579,144 |
| Change | (105,307) | (9,210) | (10,753) | (159,065) | (284,335) |
| Percent Change | -9.9% | -2.0% | -3.1% | -16.1% | -9.9% |
| Teachers | | | | | |
| 2000-01 | 65,506 | 36,117 | 27,239 | 81,458 | 210,320 |
| 2012-13 | 65,602 | 37,081 | 27,514 | 73,356 | 203,553 |
| Change | 96 | 964 | 275 | (8,102) | (6,767) |
| Percent Change | 0.1% | 2.7% | 1.0% | -9.9% | -3.2% |
| Non-Teaching Professionals | | | | | |
| 2000-01 | 10,311 | 5,735 | 4,396 | 12,649 | 33,091 |
| 2012-13 | 11,579 | 6,502 | 4,964 | 14,065 | 37,110 |
| Change | 1,268 | 767 | 568 | 1,416 | 4,019 |
| Percent Change | 12.3% | 13.4% | 12.9% | 11.2% | 12.1% |
| All Professional Staff | | | | | |
| 2000-01 | 75,817 | 41,852 | 31,635 | 94,107 | 243,411 |
| 2012-13 | 77,181 | 43,583 | 32,478 | 87,421 | 240,663 |
| Change | 1,364 | 1,731 | 843 | (6,686) | (2,748) |
| Percent Change | 1.8% | 4.1% | 2.7% | -7.1% | -1.1% |

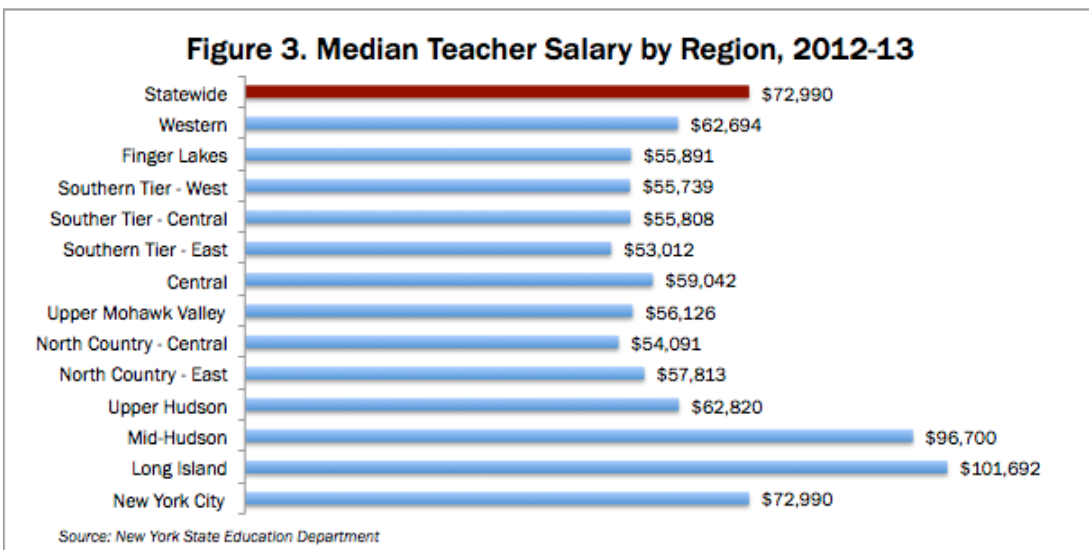
* Unduplicated counts of full- and part-time professional personnel
Source: New York State Education Department, Information and Reporting Services. Personnel Master File data from <http://www.emsc.nysed.gov/irts/pmf/>

As student enrollment declined and school staffing fluctuated between 2000-01 and 2012-13, median salaries for teachers and non-teaching professionals increased by more than 40 percent. The growth continued even after school finances were hit by shockwaves of the Great Recession, which officially began in late 2007, and the global financial crisis, which set off a near panic on Wall Street in the fall of 2008.

From 2008-09 to 2012-13, the statewide median teacher salary rose 10 percent and the median salary for non-teaching professionals rose by 9 percent.



Focusing more closely on teachers, salaries vary greatly by region, reflecting disparities in wealth and living costs between upstate and downstate. As shown below, the median for teachers in Long Island exceeded \$100,000 for the first time, and teachers in the Mid-Hudson Region are just below the six-digit level.



All regions saw their median salaries increase since 2008-09, when staffing levels began declining. The biggest increases were in the Long Island and Mid-Hudson regions, where the median teacher pay rose 19 percent in just four years, while even less affluent areas upstate experienced median teacher salary increases of more than 10 percent. New York City’s median rose the least, up 4 percent.

Schools reduced headcounts through attrition by not hiring replacements for teachers who retired or left for other reasons, and by conducting layoffs subject to union “last in, first out” rules that effectively targeted younger teachers. As a result, SED data show, the median experience level of teachers statewide rose after the recession began to strain budgets. Under most teacher contracts, a few added years of experience automatically translates into a significant salary boost, even when contracts have expired and base salaries are frozen. The extent of those increases is illustrated in Table 2, below.

Table 2. Change in Median Teacher Compensation, 2008-09 to 2012-13

| Teacher Cohorts Based on Years of Experience in 2012-13* | | | | |
|--|---------------|----------|----------|---------|
| New York City | Median Salary | | | |
| | 2008-09 | 2012-13 | Change | Percent |
| Five Years | \$45,530 | \$56,048 | \$10,518 | 23% |
| Ten Years | \$59,023 | \$72,848 | \$13,825 | 23% |
| 16-20 Years | \$75,796 | \$80,987 | \$5,191 | 7% |
| Rest of State | Median Salary | | | |
| | 2008-09 | 2012-13 | Change | Percent |
| Five Years | \$41,862 | \$49,922 | \$8,060 | 19% |
| Ten Years | \$53,078 | \$61,313 | \$8,235 | 16% |
| 16-20 Years | \$64,596 | \$79,183 | \$14,587 | 23% |

* For both NYC and rest of state, the 2008-09 median is for the same cohort of teachers four years earlier; i.e., experience levels of one year, six years and 11-15 years, respectively, in 2008-09
Source: New York State Education Department data, with additional calculations by Empire Center

These percentages translated into big dollar impacts. For example, total salary expenditures for teachers continuously employed by New York City during this period rose by 12 percent, adding nearly \$500 million in annual operating expenditures to the 2013 budget.³ In the city, as shown, the largest step increases flowed to teachers with less than 10 years experience – while bigger raises flowed to teachers with more than 10 years experience in the rest of the state. The added cost was further compounded by teacher pension contributions, which rose by 5.8 percent of salaries in New York City and 4.2 percent of salaries in the rest of the state between 2008-09 and 2012-13.

Conclusion

The full extent of the continuing rise in school spending since the recession was not inevitable or unavoidable. It was the result of (a) increasing teacher compensation costs driven largely by automatic pay raises, and (b) continued relatively high levels of staffing, relative to enrollment, especially in non-teaching titles. State law clearly is a major factor in the first trend, while the second needs to be more closely examined.

¹ “It’s time for lawmakers to fund what’s needed,” *NYSUT*, December 18, 2013, <https://www.nysut.org/news/nysut-untied/issues/2013/december-2013-january-2014/its-time-for-lawmakers-to-fund-whats-needed>

² E.J. McMahon and Terry O’Neil, *Triborough Trouble*, Empire Center for Public Policy, January 2012

³ E.J. McMahon, *Pre-Retroactive Pay Raises*, Manhattan Institute, January 2014