

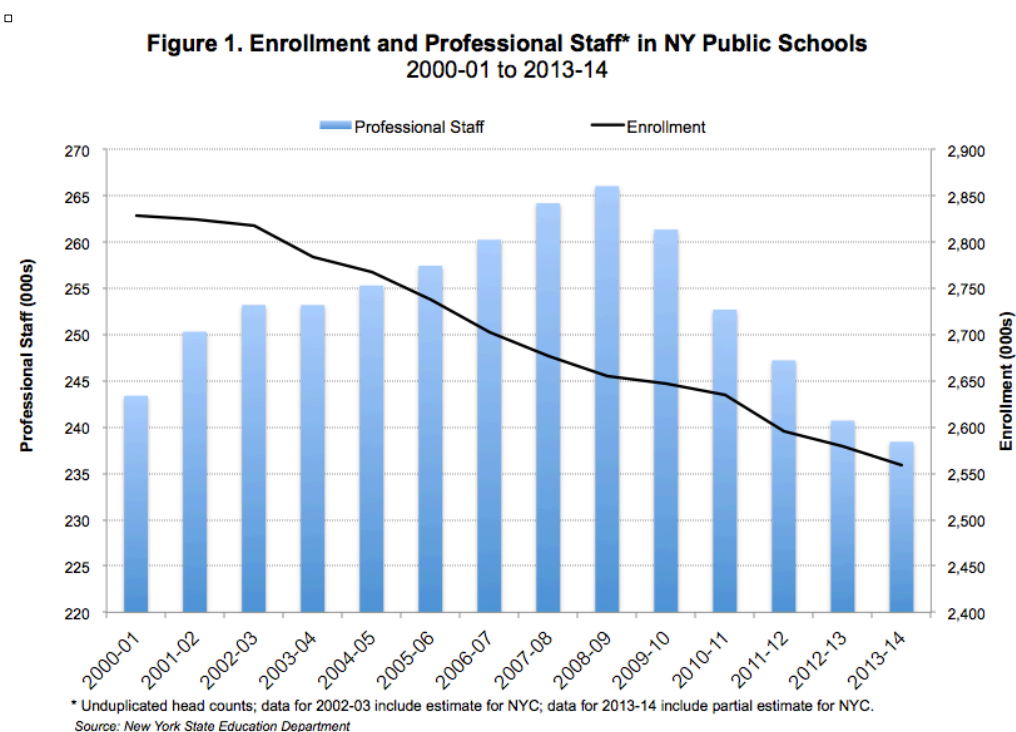
What's driving K-12 school costs?

New York's annual budget battles over state aid to public schools 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 are 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 five years following the economic downturn, yet their expenses continued rising at a pace few could sustain. The latest State Education Department (SED) data² highlight two important trends:

- From 2008-09 to 2013-14, the statewide median teacher salary rose by 11.5 percent; the median for downstate suburban and Western New York districts increased almost twice as much. These increases were driven in large part by automatic "step" raises linked to seniority. The state Triborough Amendment³ requires districts to continue paying these increases even after teacher union contracts have expired.
- Schools in 2013-14 were still employing almost as many professional staffers as they did in 2000-01 – when there were 304,633 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 27,636 positions – but enrollment also has dropped, by 95,854.

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 decreased by more than 10 percent since 2000-01, but professional staffing levels were nearly unchanged in 2013-14, almost entirely as a result of 12 percent growth in the non-teaching “other professional” category. Schools in the Long Island and Mid-Hudson regions also had more staff and fewer pupils in 2013-14 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.

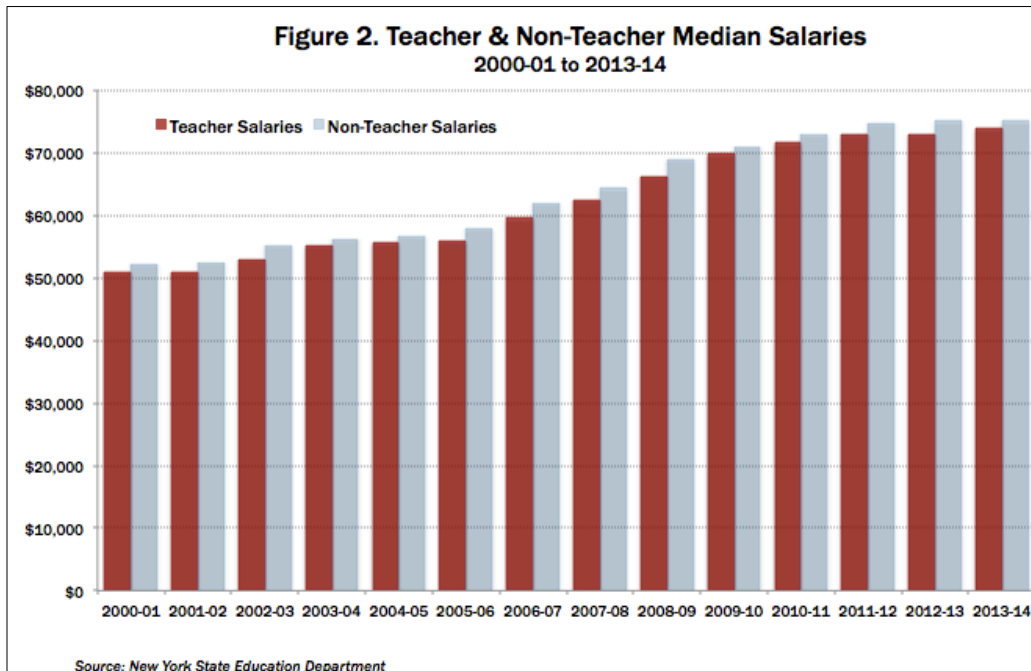
There is also a sharp difference in trends between teachers and other professionals. The number of teachers in downstate districts is down only slightly over 2000-01 levels, and has dropped sharply upstate – yet the number of non-teachers has increased at double-digit rates in every region.

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.

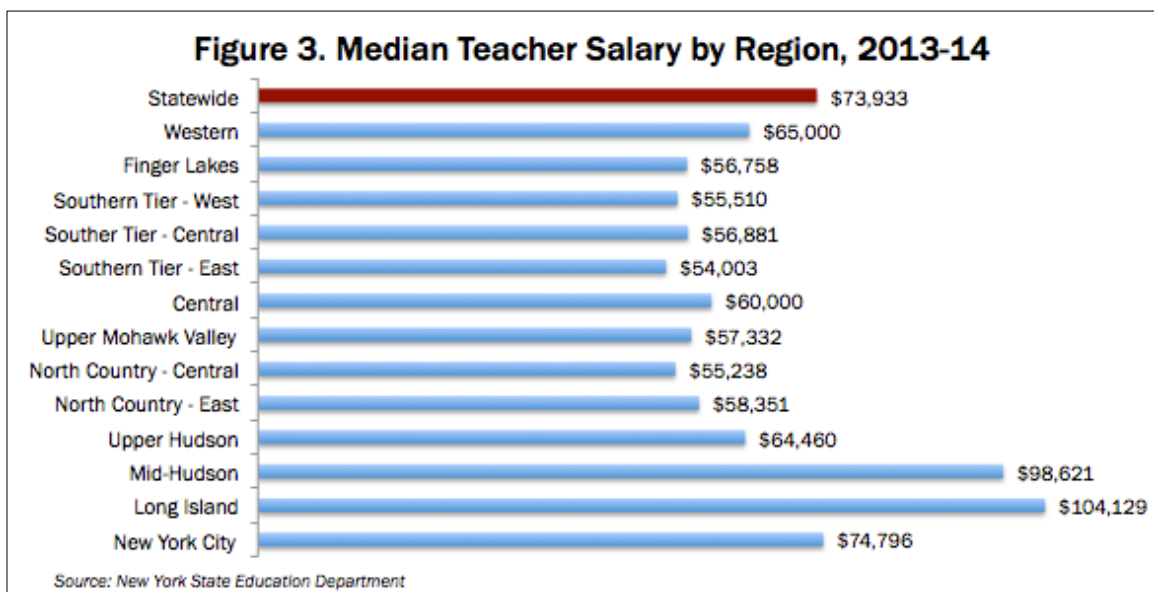
Table 1. Enrollment and Professional Staff* in New York State Public Schools					
	<i>New York City</i>	<i>Long Island</i>	<i>Mid-Hudson</i>	<i>Upstate</i>	<i>State Total</i>
Enrollment					
2000-01	1,068,337	456,212	348,872	990,058	2,863,479
2013-14	959,567	443,002	335,709	820,568	2,558,846
Change	(108,770)	(13,210)	(13,163)	(169,490)	(304,633)
Percent Change	-10.2%	-2.9%	-3.8%	-17.1%	-10.6%
Teachers					
2000-01	65,506	36,117	27,239	81,458	210,320
2013-14	64,465	36,481	27,150	74,093	202,189
Change	(1,041)	364	(89)	(7,365)	(8,131)
Percent Change	-1.6%	1.0%	-0.3%	-9.0%	-3.9%
Non-Teaching Professionals					
2000-01	10,311	5,735	4,396	12,649	33,091
2013-14	11,579**	6,442	5,042	14,207	37,270
Change	1,268	707	646	1,558	4,179
Percent Change	12.3%	12.3%	14.7%	12.3%	12.6%
All					
2000-01	75,817	41,852	31,635	94,107	243,411
2013-14	76,044	42,923	32,192	87,276	238,435
Change	227	1,071	557	(6,831)	(4,976)
Percent Change	0.3%	2.6%	1.8%	-7.3%	-2.0%
* Unduplicated counts of full- and part-time professional personnel					
** Incomplete data from New York City required use of 2012-13 non-teaching professional count					
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 rose and fell between 2000-01 and 2013-14, 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 2013-14, the statewide median teacher salary rose 12 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, and teachers in the Mid-Hudson Region are just below the six-figure level.



All regions saw their median salaries increase since 2008-09, when staffing levels began declining. New York City’s median rose the least, up 7 percent during the five-year period. This does not reflect the impact of pay hikes and retroactive increases paid under Mayor Bill de Blasio’s May 2014 contract settlement with the United Federation of Teachers. Even under their previous contract, which expired in October 2009, New York City school professionals continued to receive step increases.

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 translate 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 Salary, 2008-09 to 2013-14

Teacher Cohorts Based on Years of Experience in 2013-14*				
New York City	Median Salary			
	2008-09	2013-14	Change	Percent
Six Years	\$45,530	\$58,639	\$13,109	29%
Ten Years	\$56,048	\$72,848	\$16,800	30%
16-20 Years	\$75,796	\$80,987	\$5,191	7%
Rest of State	Median Salary			
	2008-09	2013-14	Change	Percent
Six Years	\$41,862	\$52,365	\$10,503	25%
Ten Years	\$53,078	\$61,750	\$8,672	16%
16-20 Years	\$64,596	\$81,495	\$16,899	26%

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

The growth in pay also contributed to an increase in pension costs under New York’s unsustainable defined-benefit retirement system. For example, New York City’s employer contribution to the city’s Teachers’ Retirement System grew from \$2.3 billion during the 2008-09 school year to \$3.1 billion in the 2013-14 school year – a 33 percent increase.

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-united/issues/2013/december-2013-january-2014/its-time-for-lawmakers-to-fund-whats-needed>
² The data are reported to SED by each school district; in 2013-14, 98 school districts failed to report.
³ E.J. McMahon and Terry O’Neil, *Triborough Trouble*, Empire Center for Public Policy, January 2012