

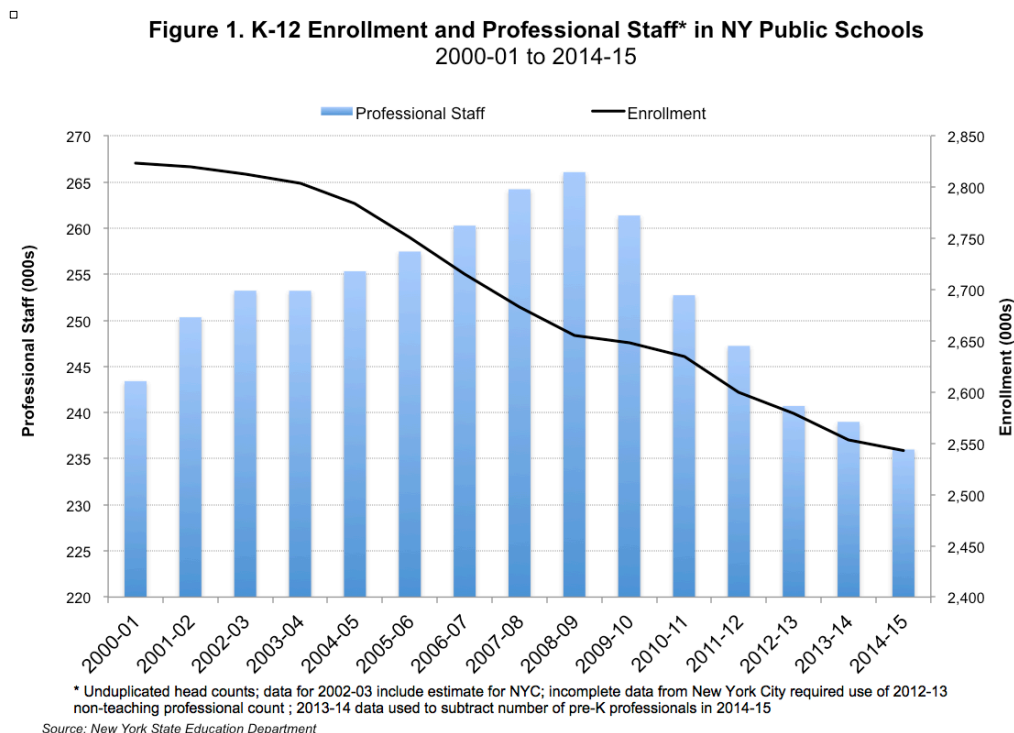
What's driving K-12 school costs?

New York's newly enacted state budget for fiscal 2017 included an exceptionally large school aid increase of \$1.5 billion – 6.5 percent over the previous year, more than triple the projected inflation rate. This brings the state-funded share of K-12 public school expenses to an all-time record of nearly \$25 billion, despite steadily declining enrollment. Given recent spending trends, demands for ever-larger increases are likely to persist.¹

Since 2008-09, when the recession hit bottom, New York's school staffing has receded from peak levels – yet school expenses have continued rising at a healthy pace. The latest State Education Department (SED) data² highlight two important trends that help explain school budget increases:

- From 2008-09 to 2014-15, the statewide median teacher salary rose by 13 percent, with much larger increases in downstate suburbs and Western New York. Salaries were driven up in large part by automatic “step” raises locked into place by the state Triborough Amendment.³
- Schools in 2014-15 employed only 3 percent fewer K-12 professional staffers than they did in 2000-01 – although enrollment in the meantime had dropped about 10 percent.

The variations in school staffing since 2000-01 – and the 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 6 percent, or 168,057 pupils. Since 2008-09, schools have eliminated 29,922 net positions – but enrollment also has dropped, by 111,999.

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 8 percent since 2000-01, but professional staffing levels were 3 percent higher in 2014-15. Schools on Long Island also had more professional staff and fewer pupils in 2014-15 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 at just over half the rate at which the number of pupils decreased.

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	1,048,170	452,067	344,727	977,793	2,822,757
2014-15	957,672	440,899	332,691	811,439	2,542,701
Change	(90,498)	(11,168)	(12,036)	(166,354)	(280,056)
Percent Change	-8.6%	-2.5%	-3.5%	-17.1%	-9.9%
Teachers					
2000-01	65,506	36,117	27,239	81,458	210,320
2014-15	66,629	35,469	26,367	69,645	198,110
Change	1,123	(648)	(872)	(11,813)	(12,210)
Percent Change	1.7%	-1.8%	-3.2%	-14.5%	-5.8%
Non-Teaching Professionals					
2000-01	10,311	5,735	4,396	12,649	33,091
2014-15	11,579**	6,535	5,092	14,833	38,039
Change	1,268	800	696	2,184	4,948
Percent Change	12.3%	13.9%	15.8%	17.3%	15.0%
All					
2000-01	75,817	41,852	31,635	94,107	243,411
2014-15	78,208	42,004	31,459	84,478	236,149
Change	2,391	152	(176)	(9,629)	(7,262)
Percent Change	3.2%	0.4%	-0.6%	-9.4%	-3.0%

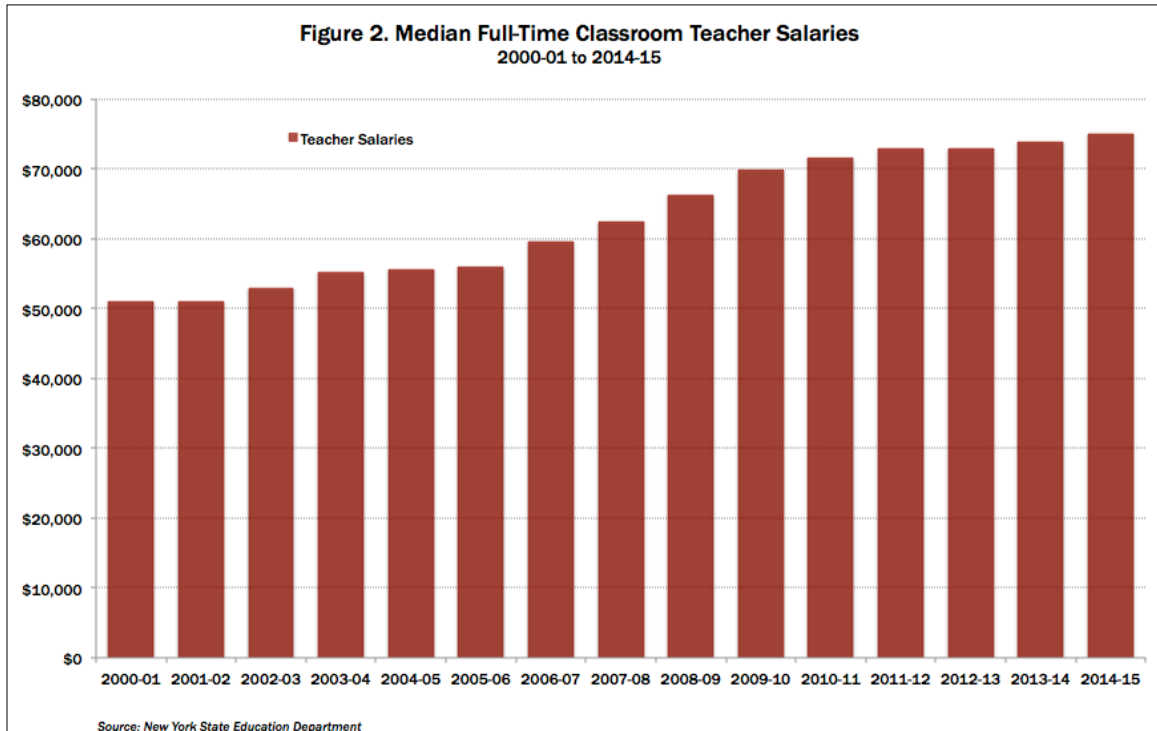
* Unduplicated counts of full- and part-time professional personnel

** Incomplete data from New York City required use of 2012-13 non-teaching professional count; 2013-14 data used to subtract number of pre-K professionals in 2014-15

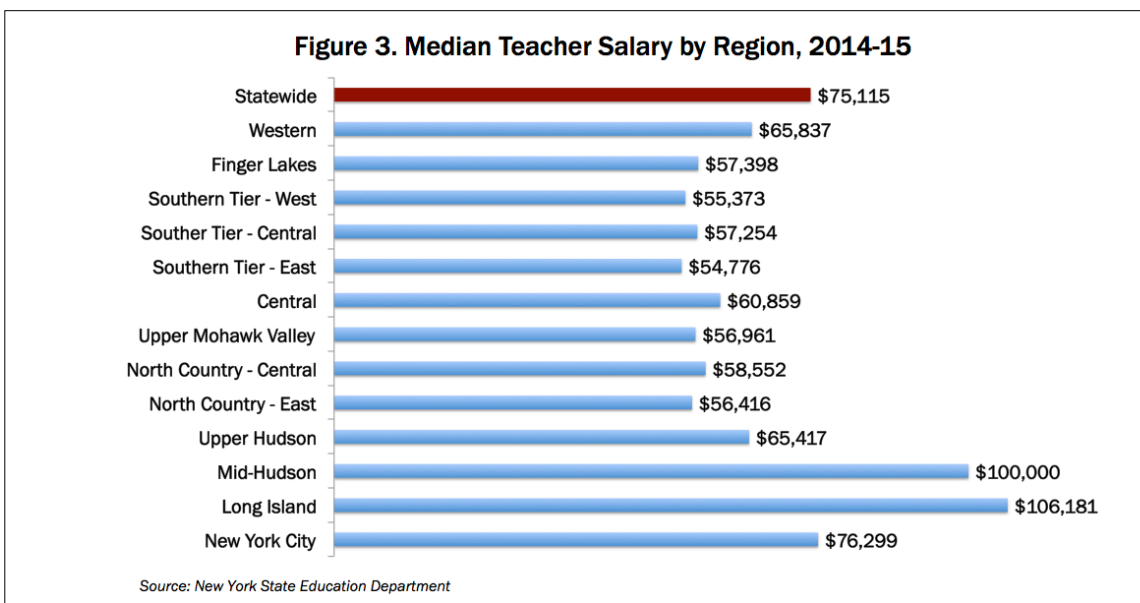
Source: New York State Education Department, Information and Reporting Services. Personnel Master File data from <http://www.emsc.nysed.gov/irts/pmf/>
 Enrollment data: "District Level Data K-12 Totals - 1994-95 to 2014-15"

As student enrollment declined and school staffing rose and fell between 2000-01 and 2014-15, median salaries for classroom teachers 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 2014-15, the statewide median teacher salary rose 13 percent to \$75,115.



Salaries vary by region, reflecting disparities in wealth and living costs between upstate and downstate. As shown below, the medians for teachers on Long Island and in the Mid-Hudson Region have reached the six-figure level.



All regions saw their median salaries increase since 2008-09, when staffing levels began declining. The smallest increase was observed in New York City, where the median salary increased 9 percent during the six-year period. At the same time, Long Island’s median teacher salary grew by 24 percent, the highest rate of any region.

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, 2009-10 to 2014-15

Teacher Cohorts Based on Years of Experience in 2014-15*

New York City	Median Salary			
	2009-10	2014-15	Change	Percent
Six Years	\$45,530	\$61,434	\$15,904	35%
Ten Years	\$56,048	\$74,311	\$18,263	33%
16-20 Years	\$75,796	\$82,615	\$6,819	9%
Rest of State	Median Salary			
	2009-10	2014-15	Change	Percent
Six Years	\$41,836	\$52,415	\$10,579	25%
Ten Years	\$50,834	\$63,289	\$12,455	25%
16-20 Years	\$66,831	\$85,146	\$18,315	27%

* For both NYC and rest of state, the 2009-10 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 2009-10
Source: New York State Education Department data, with additional calculations by Empire Center

The growth in pay added further to the rising cost of pensions for public educators. From 2008-09 to 2014-15, taxpayer-funded employer contributions to the New York State Teachers Retirement System (TRS) more than doubled, to \$2.6 billion from \$1.1 billion, while contributions to the New York City TRS rose to \$3.3 billion from \$2.3 billion.⁴

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 “Board of Regents Recommends \$2.4 Billion School Aid Increase to Provide Additional Funding for Districts and Board Priorities,” <http://www.nysed.gov/news/2016/board-regents-recommends-24-billion-school-aid-increase-provide-additional-funding>

² The data are reported to SED by each school district.

³ E.J. McMahon and Terry O’Neil, *Triborough Trouble*, Empire Center for Public Policy, January 2012

⁴ While the two retirement systems also cover some college faculty, their costs mainly reflect pensions for teachers and other K-12 professional employees.