



Indiana Fiscal Policy Institute analysis finds average school district spends less than half its payroll on classroom teachers

District data via Indiana Business Research Center shows public schools spending 47% of personnel budgets on teachers, while charter schools spend 57%

(August 26, 2019 – INDIANAPOLIS, Ind.) An analysis of public school data released by the Indiana Fiscal Policy Institute (IFPI) shows that Indiana’s public school corporations spent nearly \$5.5 billion on staff salaries and benefits in 2018 – but less than half (47%) of that total went to compensate full-time classroom teachers. The state’s public charter schools dedicated an average of 57% of their personnel budgets to teachers.

IFPI sought the compensation analysis from the Indiana Business Research Center (IBRC), based on budget, personnel and collective bargaining reports submitted by school officials and available to the public on the Indiana Gateway for Local Government (Gateway.IN.gov) data portal administered by the IBRC.

“We know that roughly 80% of school operating budgets are spent on personnel,” said IFPI president Chris Watts. “But there wasn’t much clarity on how this payroll is divided. We worked with IBRC to separate full-time teachers from administrators, teacher’s aides, librarians, support staff – anyone else employed in the school – and found that teachers are less than half the total compensation budget for a typical district.”

As Hoosier students settle into the 2019-20 school year, competitive salaries for their teachers continues to be an unsettled policy goal. As Governor Holcomb’s ‘Next Level Teacher Pay’ Commission holds a series of public meetings this month and the state teacher collective bargaining window opens in mid-September, Watts explained that the data is meant to give policymakers, educators and the public another perspective on spending priorities.

“The General Assembly passed a larger K-12 budget this year, along with new rules urging districts to use at least 85% of their state aid for educational operations instead of transportation, facilities or debt service,” he said. “Our goal is to offer an even closer look at how much tuition support ends up in teacher paychecks.”

Ratios of instructional and non-instructional staffing are routinely questioned by education advocates. EdChoice, a national education reform organization based in Indianapolis, asserts in its 2017 ‘Back to the Staffing Surge’ report that Indiana’s total K-12 employment has risen seven times faster than new teacher hiring since 1992. A 2019 report commissioned by the Indiana State Teachers Association highlights national data showing teachers making up 49.4% the K-12 workforce nationally while Indiana lags at 37%.

“This study is generally consistent with other analyses of K-12 personnel,” Watts added. “But headcount isn’t always aligned with compensation, so we felt this was a narrowly-defined but important question to address.”

Watts also noted that the study is offered largely without commentary and does not investigate the issues driving Indiana’s pattern of teacher-to-total labor costs.

“This is a specific data exercise, not a study of education policy and finance,” he said. “We don’t question the efficiency of school districts, presume to identify the ‘right’ level of administrative staffing or judge the necessity or educational contributions of the employees working in Indiana’s schools.

“There are obvious observations to be made – for example, charter schools are likely to spend a higher percentage of their funding on teachers because they operate without district-level administrative costs. The data also suggests that districts with larger enrollments are able to allocate more personnel dollars to teachers, though there are districts with less than a thousand students hitting 60% or more on this measure.”

Carol Rogers, Co-Director of the IBRC, emphasized the need for data transparency in policy debates over teacher pay and other issues.

“Indiana has made great strides in ‘open data’ and public access to information about how our government collects and spends our tax dollars,” she said. “Analyses like these can add useful perspective, but also illustrate that we still have work to do in data consistency and integration.”

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MORE about the METHODOLOGY:

- Indiana school corporations currently submit annual budget reports with revenue and expenditures, along with limited personal services (compensation) detail; they separately file collective bargaining agreements (with the Indiana Education Employee Relations Board) and public employee compensation reports (with the State Board of Accounts);
- These are publicly available on the Gateway for Local Government (Gateway.IN.gov), but there is limited consistency in how districts list job titles and responsibilities, making comparative analysis challenging;
- These variances make it difficult to identify staffing levels and compensation dedicated to licensed teachers with full-time instructional duties, versus administrative and support staff, part-time positions (i.e. retired teachers serving as substitutes), teachers serving in other roles (coaches, counselors or librarians), teacher’s aides, et al.
- The IBRC developed a lexicon of possible descriptors used to identify teachers – “teacher,” “instructor,” similar titles tagged with grade level or subject identifiers, cross-referenced with school corporation reports, and eliminated positions not making the minimum starting salary defined by collective bargaining agreements (to avoid including teacher’s aides and other unlicensed/part-time positions).
- The analysis further identified and added bonuses and related stipends/income (some school corporations report Teacher Appreciation Grants and similar programs as separate line items) to arrive at the best approximation of total teacher compensation on a district-by-district basis, along with public charter schools.

ABOUT THE INDIANA FISCAL POLICY INSTITUTE:

The Indiana Fiscal Policy Institute (IFPI) is Indiana's only independent, statewide source of ongoing research and analysis into state and local taxing and spending policies. The IFPI is privately supported by a variety of organizations, businesses, associations, and individuals across Indiana.

IFPI's mission is to enhance the effectiveness and accountability of state and local government through a dialogue with policymakers, the private sector and public-at-large on critical fiscal issues and the longer-term consequences of policies addressing them. IFPI does not lobby, support, or oppose candidates for public office, instead relying on objective research for assessing and influencing sound fiscal strategies.

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ABOUT THE INDIANA BUSINESS RESEARCH CENTER:

Established in 1925, the Indiana Business Research Center is an integral unit in the Kelley School of Business at Indiana University. The IBRC provides and interprets the economic information needed by the state's business, government and nonprofits, as well as users of such information throughout the nation.

The IBRC maintains databases and powers multiple websites on topics such as income, employment, taxes, sectors of the economy, education, demographics and a host of other economic indicators for the nation, the state and local areas. In addition, the Center conducts original research to generate needed information when existing data are not available or sufficient. Learn more at ibrc.kelley.iu.edu.