

Teacher Compensation Report Highlights

January 23, 2021
2021 Board Retreat



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Committee Members

- Michael L. Smith - Former CFO - Anthem Blue Cross/Blue Shield
- Melissa Ambre - Director, Office of School Finance - Indiana Dept. of Education
- Jená Bellezza - COO - Indiana Parenting Institute, Inc.
- Tom Easterday - Former Executive VP - Subaru of Indiana Automotive, Inc.
- Becky Gardenour - Member - New Albany-Floyd County School Board of Trustees
- Emily Holt - Teacher - Westfield HS
- Dan Holub - Executive Director - ISTA
- Dr. Katie Jenner - Senior Education Advisor to Gov. Holcomb
- Robert G. Jones - Former Chairman and CEO of Old National Bancorp
- Nancy A. Jordan - Former Senior VP of Operations - Lincoln Financial Group
- Lee Ann Kwiatkowski - Director of Public Education and CEO - Muncie Community Schools
- Dr. Denise Seger - CHRO - Concord Community Schools
- Dr. David B. Smith - Superintendent - Evansville Vanderburgh School Corporation

Key Themes

- Better compensation results in greater student outcomes
- There is a gap between competitive pay and Indiana current teacher salaries
- Indiana teacher pay lags both nationally and against its Midwest peers
- Teacher pay in Indiana has not kept up with inflation or the national average
- State Education Funding in Indiana has not kept pace with inflation
- Path to competitive pay involves three essential steps
 - Expense reallocation measures so more dollars currently spent on other needs can be redirected to teacher salaries
 - Increasing resources of revenue available for teacher pay, and
 - Improving teacher compensation related policies

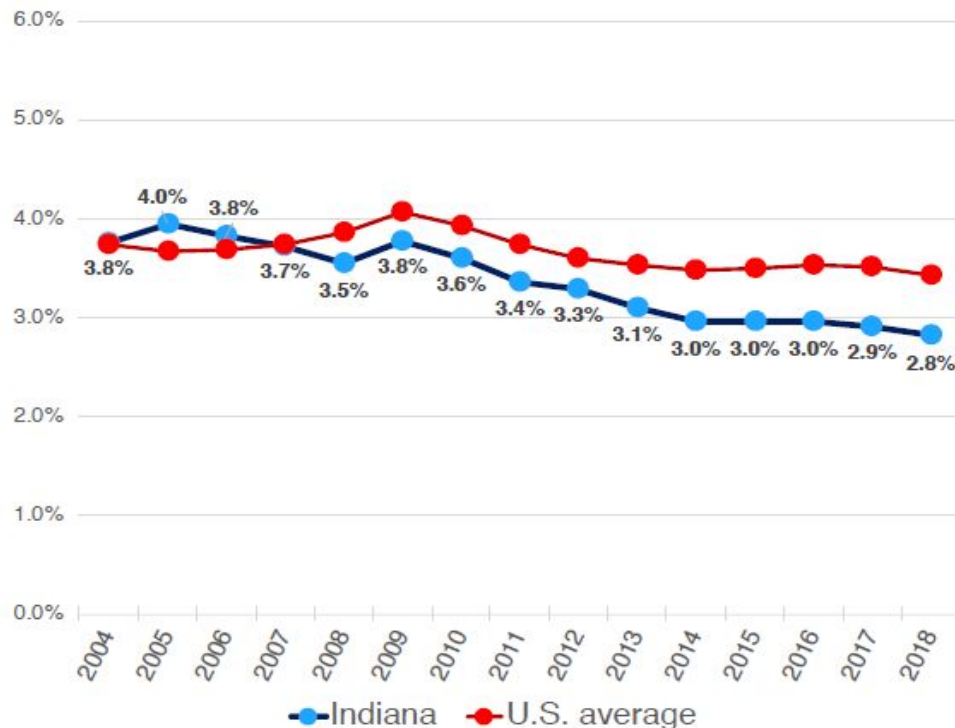
State Fiscal Effort

FISCAL EFFORT

Fiscal Effort is the amount a state spends directly on K-12 education as a percentage of its total "economic capacity," which we measure here in terms of Gross State Product (GSP).

Indiana effort	2.82 %
U.S. average	3.43 %

- In FY 2018, Indiana spent 2.82% of its economic capacity directly on K-12 education.
- This was 0.61 percentage points **lower** than the unweighted national average of 3.43%.
- Indiana's effort level ranks #43 in the nation (out of 49).



Recommendations

- 37 Total Recommendations provided by the Commission
 - 13 Recommendations for Local Schools
 - 15 Recommendations for State Government
 - 9 Recommendations for Policy Changes
- Recommendations would provide an estimated \$300 million in additional compensation for teachers
 - \$255 million in expense reallocations and new revenues
 - \$50 million in the remaining recommendations

Peer Group Compensation Comparison

School Corporation	ADM	Average Teacher Salary	State Rank	Min Teacher Salary	Max Teacher Salary
M S D Wayne Township	16,891	\$ 67,060.00	2	\$ 42,500.00	\$ 88,535.00
School Town of Speedway	1,864	\$ 61,584.00	6	\$ 48,000.00	\$ 93,688.00
M S D Lawrence Township	15,698	\$ 61,341.00	7	\$ 43,000.00	\$ 83,724.00
M S D Perry Township	16,745	\$ 59,249.00	11	\$ 42,500.00	\$ 86,690.00
Indianapolis Public Schools	31,427	\$ 58,549.00	15	\$ 45,200.00	\$ 93,400.00
M S D Pike Township	11,254	\$ 58,476.00	16	\$ 43,210.00	\$ 87,250.00
Avon Community School Corp	9,844	\$ 58,141.00	19	\$ 43,200.00	\$ 81,270.00
Brownsburg Community Sch Corp	9,217	\$ 56,920.00	27	\$ 44,500.00	\$ 83,500.00
M S D Washington Township	11,062	\$ 56,865.00	30	\$ 44,000.00	\$ 89,000.00
M S D Decatur Township	6,648	\$ 56,465.00	32	\$ 43,500.00	\$ 88,500.00
Franklin Township Com Sch Corp	10,119	\$ 56,364.00	33	\$ 42,197.00	\$ 86,307.00
M S D Warren Township	11,593	\$ 55,632.00	40	\$ 41,000.00	\$ 80,633.00
Beech Grove City Schools	2,996	\$ 51,632.00	105	\$ 40,375.00	\$ 79,750.00

Part 1



Recommendations to Local
School Corporations

Recommendations - Healthcare

- 1. Join State's pharmacy benefit plan (\$25M in annual savings)**
 - *Join the Indiana Aggregate Prescription Purchasing Program (IAPPP)—the state's pharmacy benefit plan that enables flexible plan design for individual school corporations.*
 - ***Wayne Township has a carved out pharmacy plan that maximizes cost savings for prescriptions and speciality medications.***
- 2. Limit working spouse's eligibility to participate in district health care plans (\$50M in annual savings)**
 - *Join the 54 school corporations that restrict spouses of teachers with access to health insurance through their own employers from joining the district's healthcare plan, and offer an employee-plus-children healthcare plan option.*
 - ***Wayne Township currently does not restrict working spouses from our healthcare plans.***
- 3. Exclude Medicare-eligible retirees from healthcare plans**
 - *Many school corporations allow retired teachers to participate in school-sponsored health care plans, even if they are eligible for Medicare.*
 - ***Medicare eligible retirees do not participate in Wayne Township healthcare plans.***

Recommendations - Procurement

4. Increase utilization of centralized procurement

- *Take advantage of pre-negotiated cost-savings by making purchases through the K12 Indiana procurement program.*
- *Districts can save money by purchasing a variety of goods and services through a single, competitively sourced or negotiated vendor or contract, rather than purchasing different items through separate vendors or contracts.*
- ***Wayne Township is utilizing a procurement vendor to identify cost savings, identify and utilize available negotiated contract pricing, and streamline purchasing.***

5. Join a liability risk pool

- *Dozens of school corporations have saved millions of dollars combined through pooled purchasing of property, casualty, and third-party liability insurance*
- ***The size and claim history of Wayne Township is not conducive to joining a risk pool.***

Recommendations - Staffing

6. **Right-size district teacher and staff ratios where appropriate**
 - *Strategically reduce employee counts where possible and use savings to raise teacher salaries.*

Recommendations - General Efficiencies

7. Share services with other districts

- *Explore services that may be shared amongst nearby governmental units.*

8. Implement best practices

- *Purchase and incentivize the best value health insurance available and utilize health savings accounts, wellness programs, and tobacco-free discounts.*
- *Privatize or form competitive employment practices for services such as food preparation or custodial maintenance when appropriate.*
- *Reduce legal costs by increased utilization of arbitration and other alternative dispute resolution processes.*
- *Divest vacant real estate or unused property to reduce and avoid ownership costs.*
- *Utilize regional Education Service Centers to save costs on trainings, professional development, large purchases, human resource management systems, and other services.*
- ***MSD Wayne currently utilizes health savings accounts, consumer-driven high-deductible plans, and wellness programs to mitigate health insurance costs.***

Recommendations - Revenue Generation

9. **Pass an operating referendum (\$80M in additional annual funding)**
 - *Work with community stakeholders to increase teacher base salaries through a voter approved operating referendum.*
 - *MSD Wayne currently has two referenda in place.*
10. **Increase Medicaid reimbursement claims**
 - *MSD Wayne receives approximately \$250k annually in Medicaid reimbursements and is exploring options to reimburse more.*
11. **Solicit contributions through local education foundation**
 - *MSD Wayne has an active and robust education foundation that generates \$200,000 annually.*

Peer Group Medicaid Reimbursements

Provider Name	Amount Paid
Indianapolis Public Schools	\$ 1,050,854.00
Metropolitan School District Of Washington Township	\$ 333,415.00
MSD Of Warren Township	\$ 316,576.00
Perry Township Schools	\$ 297,913.00
Metropolitan School District Of Lawrence Township	\$ 267,143.00
Metropolitan School District Of Wayne Township	\$ 242,307.00
MSD Of Decatur Township	\$ 200,135.00
Franklin Township Community School Corp	\$ 157,234.00
Brownsburg Community School Corporation	\$ 151,316.00
MSD of Pike Township	\$ 141,382.00
Avon Community School Corporation	\$ 121,082.00
Beech Grove City Schools	\$ 17,458.00

Recommendation - Policy Changes

- 12. Adjust salaries for teaching positions associated with high-need students or subjects with teacher shortages**
 - *Superintendents use this practice when it is appropriate.*
- 13. Implement a career ladder system for teachers so they have more control over their salary**
 - *Provide stipends and utilize the instructional and leadership capacity of current school corporation educators to improve teaching and student learning.*

Part 2



Recommendations to State Government

Recommendations - Expense Reallocation

14. Pay down pension debt (\$50M in annual savings)

- *Pay down debt in the pre-1996 teacher retirement fund, resulting in approximately \$50 million in annual savings.*
- *Allow schools to prepay to their required contributions to the '96 pension fund in exchange for guaranteed interest or a reduction in annual contributions. (administrative)*

15. Efficiency funding

- *Establish an efficiency division within the Indiana Department of Education, to be tasked with helping school corporations save money and setting efficiency standards.*

Recommendations - Expense Reallocation

16. Improve procurement practices

- *Expand the K12 Indiana program to include all purchasing contracts through the nine Education Service Centers.*
- *Require school corporations to purchase goods via joint arrangements unless additional savings can be achieved through independent purchasing.*
- *Allow school corporations to make purchases through a negotiated bidding process.*
- *Require multiple bids before purchasing insurance policies, if not part of a trust or cooperative purchasing arrangement.*

Recommendations - Expense Reallocation

17. Incentives for expense reallocations

- *Establish a program to financially reward school corporations for developing and implementing expense reallocation measures by providing these districts with additional one-time funding. The program could be supported through the use of any excess tuition support funds (the difference between what was appropriated and the amount actually required by the funding formula).*

18. Remove barriers to school corporation consolidation

19. Adjust tax credit for Indiana 529 plan for households earning more than \$150,000 (\$50M in additional revenue)

- *Eliminate Indiana's 529 plan tax credit—the most generous in the nation—for households earning more than \$150,000, and direct the savings to teachers.*

Recommendations - Additional Revenues

20. **Expand Medicaid reimbursement**

- *Submit a federal Medicaid waiver to allow schools to claim Medicaid reimbursements for medical and special education services provided to students outside of Individualized Education Programs (IEPs). (administrative)*

21. **Allow townships to fund capital projects or other one-time expenses**

- *Allow townships to financially support school corporations by providing funds for capital projects or other one-time programs.*

Recommendations - Additional Revenues

22. Increase TIF transparency requirements

- *Increase tax increment financing (TIF) transparency requirements and require that TIF districts pass assessed value through to local government units, including school corporations, in instances when TIF districts have accumulated more funds than necessary to pay for project costs.*

23. Allow deficit funding for schools with large cash balances

- *Exempt districts with cash reserves larger than 25 percent of their annual certified budgets from the collective bargaining prohibition on using deficit financing toward teacher salaries.*

24. Encourage private donations to schools

- *Allow full state tax deductibility for private donations made directly to schools, and provide a tax credit for donations funding teacher pay programs.*
- *Create a statewide foundation for receiving private funds that can supplement a state teacher pay program. (administrative)*

Peer Group Rainy Day Fund Data

School Corp	2020 Ed Fund Certified Budget	Year End 2019 Rainy Day Balance	Rainy Day Fund Balance as a Percent of 2020 Ed Fund Balance
M.S.D. Perry Township School Corporation	\$ 107,602,223.00	\$ 22,714,109.00	21.1%
Franklin Township Community School Corp	\$ 66,129,147.00	\$ 13,445,048.00	20.3%
M.S.D. Pike Township School Corporation	\$ 71,000,000.00	\$ 11,000,000.00	15.5%
M.S.D. Decatur Township School Corp	\$ 41,150,000.00	\$ 5,482,460.00	13.3%
M.S.D. Washington Township School Corp	\$ 77,850,490.00	\$ 9,949,792.00	12.8%
M.S.D. Wayne Township School Corporation	\$ 116,863,548.00	\$ 14,000,000.00	12.0%
Brownsburg Community School Corporation	\$ 61,350,373.00	\$ 6,203,358.00	10.1%
Indianapolis Public School Corporation	\$ 232,893,708.00	\$ 18,919,896.00	8.1%
M.S.D. Lawrence Township School Corp	\$ 92,306,168.00	\$ 6,583,063.00	7.1%
Avon Community School Corporation	\$ 57,423,393.00	\$ 3,314,547.00	5.8%
Speedway City School Corporation	\$ 14,766,553.00	\$ 763,239.00	5.2%
M.S.D. Warren Township School Corp	\$ 74,200,000.00	\$ 3,437,000.00	4.6%
Beech Grove City School Corporation	\$ 18,766,902.00	\$ 173,517.00	0.9%

Recommendations - Additional Revenues

25. Reduce duration restrictions on referendum tax levies

- *Allow local tax referenda to remain in effect until local citizens or the school board of trustees votes to discontinue them.*

26. Establish a teacher pay tax return “check-off”

- *Implement a “High Five for Teachers” tax return check-off, allowing Hoosiers to support increased teacher pay by opting on their tax return filings to donate \$5 or more to a state teacher pay fund.*

27. Local impact fees

- *Require residential developers in high-growth areas to pay one-time impact fees on a per unit basis if the population growth would require significant capital investment in school facilities.*

28. State revenue increase

- *Once it is economically feasible, the General Assembly should consider an increase in revenue through income tax, statewide referendum, per-parcel property fees, or another source.*

Part 3



Policy Changes

29. Implement a statewide professional pathways compensation model for teachers

- *Indiana's Secretary of Education should work with education stakeholders to overhaul the Teacher Appreciation Grant program into a more robust "Professional Pathways" salary program. Promotions to higher levels could be achieved through different combinations of objective and subjective measures (e.g., evaluations, student achievement gains, National Board certification, etc.).*

30. Establish a minimum salary requirement

- *Establish a \$40,000 teacher salary minimum by requiring school corporations to pay all full-time teachers at least:*
 - *\$35,000 in 2021-22 and \$40,000 by 2022-23.*
 - *If a district cannot meet this minimum through its tuition support and local funding, it should be required to (1) receive a waiver from the Department of Education by demonstrating that the district cannot achieve the required minimum salary even after utilizing available cost savings measures and (2) work with IDOE's newly created efficiency division on a plan to close the gap.*

31. Teacher salary funding floor

- *Prohibit districts from spending less money on total teacher salaries than they did the prior year (except in certain cases of declining enrollments).*
- *Increase the total salary “funding floor” for districts that award stipends to a majority of their teachers for two consecutive years.*

32. Require teacher salaries to constitute at least 45 percent of each district’s tuition support

- *Require the total amount each school corporation spends on teacher salaries to equal at least 45 percent of its tuition support funding amount.*

Peer Group Teacher Salaries as a percent of Tuition Support



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School Corporation	2020 Total Reported Teacher Salary Expenditures	2020 Tuition Support	Teacher Salaries as a Percent of Tuition Support
School Town of Speedway	\$ 7,759,582.00	\$ 13,112,336.00	59.20%
M S D Wayne Township	\$ 71,218,197.00	\$ 124,116,672.00	57.40%
Brownsburg Community Sch Corp	\$ 32,102,628.00	\$ 59,224,674.00	54.20%
Avon Community School Corp	\$ 34,419,725.00	\$ 63,919,390.00	53.80%
M S D Washington Township	\$ 41,000,000.00	\$ 77,956,353.00	52.60%
M S D Pike Township	\$ 40,348,476.00	\$ 79,063,190.00	51.00%
M S D Lawrence Township	\$ 57,108,593.00	\$ 112,731,228.00	50.70%
M S D Perry Township	\$ 59,722,803.00	\$ 118,979,471.00	50.20%
M S D Warren Township	\$ 42,280,000.00	\$ 86,560,966.00	48.80%
Franklin Township Com Sch Corp	\$ 31,676,781.00	\$ 67,555,515.00	46.90%
M S D Decatur Township	\$ 22,416,429.00	\$ 48,331,717.00	46.40%
Indianapolis Public Schools	\$ 105,036,830.00	\$ 249,497,526.00	42.10%
Beech Grove City Schools	\$ 9,035,541.00	\$ 22,554,323.00	40.10%

33. Funding formula changes

- *Increase complexity funding as a percentage of the state's total tuition support (without reducing other tuition support components) so districts with higher poverty levels can pay teachers more.*
- *Run a cost analysis on virtual schools and programs to determine the appropriate amount of funding per student they should be receiving. (administrative)*

34. Ensure compensation transparency for teachers

- *Require districts to provide individual teachers with a financial breakdown of their total salary, retirement, and health benefits prior to their hiring and any other time at their request.*

35. Improve school corporation data accessibility and transparency to the public

- *Create an easily accessible and navigable state website allowing for easy comparisons of school corporation financial, expenditure, and compensation metrics relative to other districts. (administrative)*
- *Improve data collection around teacher vacancies, school staff and administrator ratios, and administrator pay.*

36. Expand efforts to recruit more minority teachers to the profession

- *Increase funding of recruiting efforts to attract minority teachers.*

37. Improve non-compensation-related job satisfaction among teachers

- *Establish a formal initiative to improve teacher recruitment and job satisfaction beyond compensation, including but not limited to promoting teacher residencies and reducing regulations affecting teachers.*